Sectt. II-27—58,004—27-10-47.

Development (194) Department.

MS SERIES.

Paper No

103

G.O. NO. 1857

Dated 6-5-1950.

[Despatch Abstract.]

Acts and Rules - State Aid to Industries Act - M/s Purnima Straw Board and Paper Mills Ltd., Moodbidri — Grant of a loan of Rs. 80,000/- Cancelled.

8.3.50

Secy Dev & 8/3

DEPUTY SECRETARY TO GOVERNMENT 3 MAR 1950 DEVELOPMENT DEPARTMENT

TO

THE HON'BLE THE MINISTER OF INDUSTRIES,
GOVERNMENT OF MADRAS,
SECRETARIAT,
M A D R A S .

MINISTER FOR INDUSTRIES 8-MAR 1950 GOVERNMENT OF MADRAS

20315 DII 9-3-50.

The Humble Petition of:

THIRD ASST. SECRETARY TO GOVT. 8 MAR 1950 DEVELOPMENT DEPARTMENT

1. Sri M. V. SHENOY, son of Vasudeva Shenoy, Merchant, Madhav Bhuvan, Sewree, Bombay No.15, at present come to Mangalore, South Kanara.

2. Sri N. N. KAMATH, son of Narsaya Kamath, General Engineering Works, Bombay No.4, at present come to Guruvayankere, Puttur Taluk, South Kanara.

3. Sri NAGESH ACHUTHA SHENOY, son of Achutha Shenoy, Cloth Merchant, Bhaga Shet Chawl, Bombay No.13, at present come to Mangalore, South Kanara.

4. Sri V. V. SHENOY, son of Vasudeva Shenoy, Furniture Merchant, Khar, Bombay No.21, opposite B.B.& C.I.Railway Station, at present come to Mangalore, South Kanara.

5. Sri B. R. KAMATH, son of B. Narasimha Kamath, Merchant, Moodabidri, Karkal Taluk, South Kanara.

The petitioners beg to state as follows:-

That, all notices to be served on the petitioners in this petition may be served on the

5th petitioner, whose name, description, occupation, address and residence is as stated above.

2. That, the petitioners hereby bring to the notice of the Hon'ble Minister of Industries the following facts for his kind and sympathetic consideration and the necessary action thereon.

(i) The Purnima Straw Board and Paper Mills, Ltd., is a Company registered under the Indian Companies' Act and having its registered office at Mudabidri, Karkal Taluk, South Kanara District.

(ii) Messrs. G. Poi Brothers, Moodabidri, South Kanara District, is a partnership firm, who have entered into an agreement with the aforesaid Company as its Managing Agents.

(iii) The petitioners hold shares in the aforesaid Company.

(iv) The petitioners 1 and 2 were among those, who were elected as the first Directors of the Company and were due to retire by reason of the Article 110, as to the rotation of the Directors at the annual general meeting to be held in 1948, at which meeting their place would have to be filled up by new elections; they were however eligible for re-election.

(v) The Company was practically started and financed by people in Bombay and in the first Board of

Directors consisting of 9 members, six were persons who had their permanent residence in Bombay and only three, viz., the partners of the Managing Agents and one Sri G. Vasudeva Poi, are the directors who have their residence in South Kanara.

(vi) After the Company was incorporated and Messrs. G. Poi Brothers had secured their position by means of the Contract with the Company as the Managing Agents, Messrs. G. Poi Brothers, began to act in an arbitrary manner, practically ignoring the Board of Directors and arrogating to themselves the powers and functions of the Board of Directors and in this, the fact that the six of the nine Directors were persons from Bombay, facilitated the conduct of the Managing Agents.

(vii) The Managing Agents were not keeping the Board of Directors informed of the affairs of the Company and of the progress made in Moodabidri, where properties were purchased for the Company and work of construction of a factory was taken on hand. On occasions, decisions were taken by the Managing Agents and communicated to the Board of Directors, after it was too late for the Board to take any effective action.

(viii) Meetings of the Board of Directors were being convened at Mudabidri and too often, the notices of such meetings were so short as to make it impossible for the Bombay Directors to attend such meetings or important functions organised in relation to the Company.

(ix) The Bombay Directors protested time and again as to the manner in which the Managing Agents were treating them and repeatedly desired that a meeting of the Board of Directors should be called at Bombay, so that a full meeting could be held and the Directors there might acquaint themselves of the true conditions of the affairs with regard to the Company.

(x) Such requests and protests, having been ignored and no action taken by the Managing Agents, the Directors in Bombay convened a meeting on 19-11-48. At such meeting a formal protest was made that the Managing Agents were ignoring the desire of the Directors and that a meeting should be convened at Bombay. It further requested the Managing Agents that a meeting should be atleast called for on 10-12-1948 at Bombay. The said communication was duly communicated to the Managing Agents, but no action was taken.

(xi) That, the Managing Agents however purported to call the annual meeting of the Company on 19-12-1948 at Mudabidri for transacting the ordinary business of the Company, and among other things, the passing of accounts and the elections of new Directors in the place of those that were due to retire. The petitioners 1 and 2 and one Narayan Sheshagiri Bhat, of Bombay were the three Directors who were to retire but were eligible for re-election.

(xii) Though the meeting was convened for 19-12-1948 notices convening the meeting appear to

have been got printed with the date 1-12-1948 but, as a matter of fact, these notices, atleast so far as Bombay Shareholders, including petitioners 1 to 4 are concerned, were posted only on 10-12-1948 in Mangalore, and were delivered to the addressees not earlier than 14-12-1948. The 5th petitioner was not sent any notice at all of the said meeting.

(xiii) Some of the Bombay Directors and shareholders sent telegrams to the Managing Agents complaining of the insufficiency of notice and the 2nd petitioner caused a lawyer's notice to be sent to the Managing Agents, which was delivered at 9-30 a.m. before the time fixed for the annual General Meeting, in which the Managing Agents were apprised of the insufficiency of the notice and they were warned not to hold the meeting as the proceedings would be invalid in law and void.

(xiv) Notwithstanding these protests, the General Body Meeting was held on 19-12-1948 at which telegrams of protest sent from Bombay and the lawyer's notice were not at all placed before the meeting. The protests were ignored and the meeting proceeded with. The Managing Agents were obviously desiring to exploit the situation to bring in their own nominees as Directors.

(xv) The proceedings dated 19-12-1948 of the said meeting do not disclose the number of shareholders that were present and participated in the meeting and it is not known, whether or not there was a quorum as required by the Articles of Association. Proceedings

illegal, invalid and void and were of no effect and for a mandatory injunction directing the Managing Agents to call a proper and valid ordinary annual general meeting of the members of the Company in the place of the ordinary general meeting of the members of the Company held on 19-12-1948;

(b) For a declaration that petitioners 1 and 2 and one Narayan Shesagiri Bhat do continue as Directors, notwithstanding the proceedings of the ordinary general meeting of the Company dated 1942-1948 and for ~~the~~ injunction restraining the new gentlemen elected as Directors in the said meeting from participating in the meetings of the Board of Directors of the Company;

(xviii) During the pendency of the suit, some of the shareholders, called upon the Managing Agents to call for an extraordinary meeting for the purpose of considering and, if thought fit, passing certain special resolutions with or without modifications. Accordingly, the Managing Agents called for an extraordinary general meeting in Bombay on 20-11-1949. The copies of the requisition, the notice of extraordinary meeting and the proceedings thereof are enclosed herein for reference.

9-22 below

(xix) On 17-11-1949, the Company and the Managing Agents, filed a memo in O.S.No.82/49 aforesaid, to this effect:

(a). "That a requisition under Section 78 of the Indian Companies' Act and dated 22-9-1949 has been received from the requisite shareholders of the Company for calling for an extraordinary meeting of the Company in which, the agenda proposed to be placed before the extraordinary general meeting includes inter alia the following special resolution.

Resolved that the ordinary general meeting in which the 2nd report and the audited balance sheet of the Company as on 31-8-1948 and the income and expenditure account for the period ending the same date, be treated as ultra vires, invalid, and improper and as such, the same may be reviewed and reconsidered in this meeting and if deemed fit, the same may be passed."

N.B. The ordinary general meeting in which the 2nd report and the audited balance sheet of the Company as on 31-8-1948, was considered is the ordinary general meeting dated 19-12-1948, which is the subject-matter of the above suit O.S.No.82/1949.

(b). The Managing Agents and the Company have called for the extraordinary meeting as desired and the said meeting has been fixed on 20-11-1949 at 10 a.m. at Sewall Building, Byculla Health Home, Delisle Road, Bombay No.27, but the Company and the Managing Agents have not however placed the aforesaid resolution on the agenda under legal advice, as they were apprised that the matter of the said resolution was sub-judice.

(c) But the Managing Agents submit that they are prepared

and willing and they do hereby undertake to place the said resolution before a general meeting of the Company to be specially called for that purpose and at Bombay and abide by the decision of the said general meeting of the Company as to the legality or otherwise of the proceedings of the general meeting of the Company held on 19-12-1948 at Mudabidri, provided that the plaintiffs will withdraw the above suit. The extraordinary general meeting will be called and held within two months from this date,(17-11-1949) for considering the special resolution mentioned in para (a) supra.

(xx) The plaintiffs, among whom were petitioners 1 and 2, filed a memo on 17-11-1949 in the said suit O.S.No.82/1949 as follows:-

> "In view of the memo filed by the Company and the Managing Agents into Court in the above suit to-day, the suit is hereby withdrawn and not pressed by the plaintiffs."

(xxi) The Subordinate Judge, South Kanara passed the following judgment in the said suit O.S.82/1949 on 17-11-1949 as follows:-

> "When the suit was called to-day, the plaintiffs filed into Court a memo stating that they do not press the suit, in view of the memo filed by the defendants on this day. The defendants do not press for their costs. The suit is accordingly dismissed without costs."

(xxii) On 20-11-1949, all the Special Resolutions

except the special resolution No.1 in the requisition, (which special Resolution No.1 has to be considered at another special extraordinary meeting as per the memo filed by the Company and its Managing Agents in the above suit O.S.No.82/1949) were considered, and a copy of the proceedings of the said meeting is enclosed herein for reference. The said proceedings, the petitioners learn, have been filed before the Assistant Registrar of Joint Stock Companies, Mangalore.

(xxiii) The Managing Agents have failed to act up to their undertaking given in the above C.S.No.82/1949. Again petitioners 1 to 3, who were elected as Directors on 20-11-1949 have had no notice at any time of any requisition of a meeting of the Board of Directors in spite of Article 122, which requires that the Board shall meet at least once in two months. All this made petitioners 2 and 3 suspect that after giving a solemn assurance to them by the Managing Agents and having managed to get the suit withdrawn, they have failed to implement their assurances or carry out the resolution of the General Body. Copies of the legal notices sent by petitioners 2 and 3 in this connection and the reply of the Managing Agents are enclosed herein for reference. The said notices and reply clearly show how the Managing Agents are flouting the resolutions of the General Body and the will of the shareholders and are persisting in going on in their own way, in utter disregard of the interests of the Company.

(xxiv) The Managing Agents called for a general

meeting to be held on 26-2-1950 at Mudabidri. The copy of the notice of the said meeting is enclosed herein for reference.

(xxv) The said meeting and the proceedings are illegal, invalid and void for the following among various other grounds:-

(1) The meeting has not been held according to the terms of the memo dated 17-11-1949 given by the Managing Agents in O.S.No.82/1949 on the file of the Court of the Sub-Judge of South Kanara. The meeting ought to have been called within three months of the requisition according to law. The meeting held on 26-2-1950 is belated and has been designedly done. Further, the reasons given in the notice for calling the meeting at Mudabidri, too remote from the place where the majority of the shareholders reside and contrary to the solemn undertaking in the memo filed in O.S.82/1949 Sub-Court, Mangalore, do not bear any scrutiny.

(2) Notice given of the meeting and of the special and other resolutions to be moved at the said meeting is neither proper, sufficient, nor valid.

(3) The proceedings of the extraordinary general meeting held at Bombay on 20-11-1949 and certified as true by the Managing Agents and filed before the Assistant Registrar of Joint Stock Companies,

Mangalore, South Kanara, have not been either respected or complied with or given effect effect to. The Managing Agents seem to contend that the proceedings of the said meeting are ultra vires. They have no right to question or decide the validity of the proceedings of the General Body held on 20-11-1949 at Bombay. The Board of Directors as shown in the notice of the meeting held on 26-2-1950 is not the Board of Directors as constituted under the proceedings of the extraordinary meeting held on 20-11-1949 at Bombay.

(4) It is not known how item 4 in the agenda (regarding the loan under the State Aid to Industries Act; of the ordinary general meeting called for 26-2-1950, can be legitimately considered by an ordinary general meeting. Further, the proceedings of the annual General Meeting held on 19-12-1948 being illegal, void and ultra vires of the Company, cannot be confirmed and ratified by the General Body.

(5) Again, the petitioners learn that the Board of Directors as constituted at the ordinary general meeting held on 19-12-1948 has allotted shares, just a few days before the issue of the notice, of the meeting to be held on 26-2-1950, to the Managing Agents, and the close relations and friends of the partners of the Managing Agents, without notice to the Directors elected at the requisition meeting held at Bombay on 20-11-1949. The purpose and object of the move (to obtain control of the voting power in the Company) is

quite transparent and the petitioners submit that the said allotment of shares is illegal, fraudulent, invalid and a make-believe transaction. The new allottees of shares by the defunct Board of Directors have no status either to be present or to participate and vote at the annual general meeting or the extraordinary General Meeting and in spite of protest, the new allottees have voted at the meeting held on 26-2-1950. Their votes are invalid and void.

(6) The ordinary general meeting held on 19-12-1948 and the proceedings thereof are illegal, void and ultra vires of the Company. The general body, at its meeting held on 26-2-1950, cannot confirm or ratify what is ultra vires of the Company.

(7) Some of the proxies, which are valid have been declared invalid without any valid reasons by the Managing Agents and have not been allowed to vote.

(8) All Resolutions in the extraordinary meeting and general ordinary meetings held on 26-2-1950 have not been passed by a majority as required by law and Articles of Association.

BSK (9) The various protest made in writing at the BSK meeting were not at all considered. They were summarily ignored and the meeting proceeded with in it's own way, in utter disregard of the interest of the company. BSK

BSK

(xxvi) Petitioners will apply for a certified copy of the proceedings of the meeting held on 26-2-1950, on obtaining the said copy the petitioners intend taking such legal steps as they may be advised against the Company and the Managing Agents to vindicate their rights.

(xxvii) The balance sheet as at 31-8-1949 the correctness and validity of which the petitioners do not admit, shows that a sum of Rs88,507-13-8 is due to the Managing Agents by the Company as unsecured advances made by them to the Company and a sum of Rs5,396-8-7 is due to them by the Company, by way of interest thereon. Again, it is seen from the said balance sheet, that there is a loss of Rs36,642-10-7. The petitioners do not admit the correctness and the validity of the balance sheet as at 31-8-1948 of the Company.

(xxviii) The petitioners learn that a loan of Rs80,000-0-0 has been sanctioned by the Madras Government under the State Aid to Industries' Act. The petitioners apprehend that the said loan, if it is granted, may be utilised by the said Managing Agents to further their own interest and to the detriment of the interest of the shareholders and the Company. The petitioners, have, therefore placed before the Honourable Minister of Industries all the above facts and circumstances, so that the Honourable Minister, may duly consider

whether the apprehension of the petitioners is real or imaginary.

The petitioners, therefore, pray that the above facts may be duly considered before the loan is paid.

Mangalore,)
)
27-2-1950.)

M. V. Shenoy.

N. N. Kamath.

P. Shenoi

V. V. Shenoi.

B. K. Kamath.

Petitioners.

Dr.

A.S.

Please see the representations at pp 1-15 above against the grant of a loan of Rs 80,000/- to M/s. The Purnima Straw Board and Paper Mills, Ltd. Moodbidri, South Kanara. ~~The facts~~ These facts have already been brought to the notice of the Govt. and the Govt. after a full consideration agreed to disburse the loan to the company subject to the conditions mentioned in Govt. no. 3560 Dev. dated 4-7-1949. No action seems called for on the representations now received. May be lodged and added to the papers at (J). The points raised in the present letter are different. Refer it to the Dte for remarks.

76/1613.

pp 12-14 N/S of (J)

pp 10 & 11 of (J)

his. 11/3/50

13/3/50

Issued 15.3.50

Encl: nil: 2.315 D II/50-1 dated 15-3-50.

Request to the D. Dte. for remarks.

his. 13/3/50.

14/3/50 Rec. 3.10.

To

The D. Dte. with copy of pages 1-15 above. The enclosures in original to be returned with reply.

R.D. 17.4.50.

17/4/50

Bombay,
22nd September, 1949.

To

The Directors,
The Purnima Straw Board & Paper Mills, Ltd.,
Moodabidri, South Kanara.

Dear Sirs,

We, the undersigned Members of the Purnima Straw Board & Paper Mills, Ltd., holding in the aggregate more than 1/10th (one tenth) shares in the Issued Capital thereof, do hereby, in pursuance of Section 78 of the Indian Companies' Act, 1913, require you to convene an Extraordinary General Meeting of the Company as provided for in the said provisions, preferably at Madhav Bhuvan, Near General Motors, Sewree, Bombay, for the purpose of considering and, if thought fit, passing the following Special Resolutions with or without modifications, namely:-

1. Resolved that the Ordinary General Meeting in which the Directors' Second Report and the Audited Balance Sheet of the Company as on 31st August, 1948, and the Income and Expenditure Account for the period ending the same date, be treated as ultra vires, invalid and improper and as such the same may be reviewed and reconsidered in this meeting and, if deemed fit, the same be passed.

2. Resolved that the whole article 104 of the Articles of Association be deleted and the following be substituted therefor:

"Until otherwise determined by the Company in General Meeting the number of Directors shall not be less than seven or more than twelve including the Director ex-officio, nominated by the Managing Agents, if there be any, out of which, the Shareholders at an Ordinary General Meeting can appoint any shareholders not holding the minimum qualification shares of a Director, but holding atleast five shares as Special Directors who shall not be liable to retire by rotation save by a Special Resolution

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of Shareholders. Such Special Directors shall not exceed more than three in number and the Board of Directors may fix their remuneration and emoluments, if any."

3. Resolved that in line five of Article 122 of Articles of Association, the word 'three' be deleted and the word 'six' be substituted.

4. Resolved that the whole Board of Directors for the time being be reconstituted at this meeting excepting the Director ex-officio, nominated by the Managing Agents.

Resolved further that three Special Directors be appointed at this meeting as per Article 104 of the Articles of Association.

5. Resolved that the Board of Directors be authorised and empowered to avail of the Government loan of ₨80,000/- only (Rupees Eighty thousand only), sanctioned by the Government of Madras under the Industrial State Aid Act, 1923.

6. And to discuss such other matter with the permission of the Chair.

Yours faithfully,

No.of shares held.

1. .. ..
2. .. ..
3. .. ..
4. .. ..
5. .. ..
6. .. ..
7. .. ..
8. .. ..
9. .. ..
10. .. ..

contd.

THE
PURNIMA STRAW BOARD & PAPER MILLS, LTD.,
MOODBIDRI, South Kanara.

Notice is hereby given that an Extraordinary General Meeting of the Share Holders of the Purnima Straw Board & Paper Mills Ltd., Moodbidri, will be held under Section 78 of The Indian Companies Act, at Sewwall Building (Byculla Health Home), Delisle Road, Bomboy 27, on Sunday 20th November, 1949 at 10 A. M. to consider and if thought fit of passing the following resolutions with or without modifications which will be passed as special resolutions, as the meeting deems fit.

1. Resolved that the whole article 104 of the Articles of Association be deleted and the following be substituted there for:

   "Until otherwise determined by the Company in General Meeting the number of Directors shall not be less than seven or more than twelve including the Director Ex-officio, nominated by the Managing Agents, if there be any, out of which the shareholders at an ordinary General Meeting can appoint any share-holders not holding the minimum qualification shares as a Director, but holding at least five shares as Special Directors who shall not be liable to retire by rotation save by a special resolution of share-holders. Such special Directors shall not exceed more than three in number and the Board of Directors may fix their remuneration and emoluments if any."

2. Resolved that in line five of article 122 of Articles of Association the word "three" be deleted and the word "Six" be substituted.

3. Resolved that the whole Board of Directors for the time being be reconstituted at this meeting excepting the Director Ex-officio, nominated by the Managing Agents.

   Resolved further that three Special Directors be appointed at this meeting as per article 104 of the Articles of Association.

   Resolved that the Board of Directors be authorised and empowered to avail of the Government loan of Rs. 80,000/- (Rupees eighty thousand only,) sanctioned by the Government of Madras under the Industrial State Aid Act, 1923.

5. And to discuss such other matter with the permission of the chair.

NOTE:- Resolution No. 1 given notice of by the requisitionists. The subject matter of the resolution, is pending disposal in the Court of the Subordinate Judge of South Kanara as O. S. No. 82-1949. The legal advisor of the Company has advised the Board of Directors that placing such resolution before the shareholders or moving of such resolution by any shareholder will make them liable for contempt of Court, before the suit is disposed off. As such the Directors are unable to place the same before the share-holders until the suit is disposed off or is withdrawn, when the Directors will place the same before the share-holders if the requisitionists so desire.

It is requested that you will be good enough to attend the meeting. If however you find it inconvenient to do so, you could appoint another share-holder of the Company as your proxy by duly filling up the accompanying form.

The Register of members and share transfer books of the Company will remain closed from 10—11—1949 to 21—11—1949 both days inclusive. All proxy papers should be deposited at the Registered Office of the Company not less than 72 (Seventy two only) hours before the time fixed for holding the meeting at which the appointee proposes to vote.

(By Order of the Board)

For: THE PURNIMA STRAW BOARD & PAPER MILLS LTD.,
For: G. POI BROTHERS,

(Sd.) **GOPAL POI G.**
Partner.
Managing Agents.

Moodbidri,
16-10-1949.

PROCEEDINGS OF THE EXTRAORDINARY GENERAL MEETING HELD on 20-11-1949 at 10 a.m. at Sewall Buildings, Delisle Road, Bombay.

Present: Dr. K. R. Kini, M.B. & B.S., and shareholders as per Attendance Register.

The Partner of the Managing Agents representative read the meeting of the notice. At this stage Dr. K. R. Kini, the Chairman withdrew from the meeting.

Sd. K. R. Kini,

Chairman.

Proposed by Sri Madhav Vasudev Shenoi and seconded by Sri Vaman Vasudev Shenoi, Sri K.N.Gaitonde was proposed to the Chair and unanimously elected, he occupied the Chair.

R.No.1:-

"Resolved that the whole Article 104 of the Articles of Association be deleted and the following be substituted therefor:

Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than seven or more than twelve including the Director ex-officio nominated by the Managing Agents, if there be any, out of which the shareholders at an ordinary General meeting can appoint any shareholders not holding the minimum qualification shares of a Director but holding atleast five shares as special Directors, who shall not be liable to retire by rotation save by a Special Resolution of Shareholders. Such Special Directors may fix their remuneration and emoluments, if any.

The above resolution was proposed by Sri Madhav Vasudev Shenoi and seconded by Sri Nagesh Achutha Shenoi, it was put to vote and unanimously passed.

R.No.2:- Resolved that in line five of Articles of Association the word "three" be deleted and the word "six be substituted.

The above resolution was proposed by Sri Hariappa Madhav Shenoi and seconded by Sri Vaman Vasudev Shenoi, it was put to vote and unanimously passed.

R.No.3: Resolved that the whole Board of Directors

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for the time being be reconstituted at this meeting excepting the Director ex-Officio, nominated by the Managing Agents.

The following members do constitute a new Board, proposed by Sri Vaman Vasudev Shenoi and seconded by Sri Nagesh Achuth Shenoi:-

1. Sri K. N. Gaitonde. 2. Sri N. N. Kamath.
3. Sri Madhav Vasudev Shenoi. 4. Dr. K. R. Kini.
5. Sri Ananth Vittal Prabhu. 6. Sri Patna Shetty ~~Padnury~~ Shetty. 7. Sri Gopal Pai. G. 8. Damodhar Shenoi. 9. Sri Nagesh Achuth Shenoi.

The resolution was unanimously passed. The consideration of the appointment of special directors was postponed for the next general meeting.

R.No.4:- The consideration of the said resolution was postponed to the next extraordinary general meeting to be called at Bombay within two months from this date when the ~~x~~ following facts should be furnished to the shareholders by the Managing Agents:-

1. An estimate of the future investment required to bring up the production to its full capacity.

2. All relevant documents of plot sold by the party to the Company.

3. Necessary records pertaining to Government loan of Rs80,000/- (rupees eighty thousand only).

4. A complete trial balance of the Company.

With a vote of thanks the meeting terminated.

Sd. K. N. Gaitonde,
Chairman, 20-11-49.

G. SOMASHEKAR RAO,
B.A., B.L.,
--Vakil.

Mangalore,
20th January 1950.

PER REGISTERED POST A.D.
PER EXPRESS DELIVERY.

To

The Managing Agents,
Messrs. The Purnima Straw Board & Paper Mills Ltd.,
Mudabidri.

Dear Sirs,

I have been consulted by Messrs N. N. Kamath and Nagesh Achutha Shenoi with regard to the above Company:-

It is needless to reiterate the circumstances which culminated in the filing of the suit C.S.82/1949 on the file of the Sub-Court by my clients and some other shareholders which had been necessitated by the utter disregard you as Managing Agents were showing towards the shareholders and the interests of the Company. Suffice it to say that my clients believed in your assurances that everything would be done and regularised and nothing would be done contrary to law and the constitution of the Company. On this assurance my clients were prepared to forget the past, provided that the Company prospered and agreed to withdraw the suit, but on the specific conditions recited in the joint memo filed by the parties.

You will remember that the Joint Memo contemplates the calling of an extraordinary General Meeting of the Company to consider among other things the legality or otherwise of the proceedings of the meeting held on 19-12-1948 and in the said memo, you specifically undertook to convene such a meeting within 2 months of 17-11-1949. It is, however, to be regretted that you have failed to act up to your undertaking and nothing has so far been done, though the 2 months' time fixed has expired.

I am further to say that though an extraordinary meeting of the Company convened as per Sec.78 of the Indian Companies' Act was held on 20-11-1949 at Bombay and you participated in the meeting, where all the resolutions considered were passed unanimously, enquiries made by my client at the office of the Registrar of Joint Stock Companies disclose that as yet you have failed to certify the proceedings as required by law. Further though my clients were elected as Directors on 20-11-1949 so far they have had no notice of any requisition of a meeting of the Board of Directors, in spite of Article 122 which requires that the Board shall meet atleast once in two months. I am also to state that the request of my client, Sri Nagesh Achut Shenoi for an application form for shares to enable him to acquire the qualifying shares has gone unheeded. No application form has been supplied to him. All this makes my client's suspect that after giving a solemn assurances to my clients and having managed to get the suit with drawn, you have failed to implement your assurances or carry out the resolution of the General Body. My clients most sincerely regret your attitude and I am to warn you that, should you fail to rectify matters within a week of receiving this, my clients will be constrained to take action as they may be advised to safeguard the interests of the company and the shareholders and at the risk, as to costs of the Managing Agents, which please note.

Yours faithfully,

(Sd) G. Somasekhara Rao.

B. VAIKUNTA BALIGA, B.A.,B.L.,
Vakil,
Kodialbail.

Mangalore,
31st January 1950.

To

Sri G. Somashekar Rao, B.A., B.L.,
Vakil, Mangalore.

Sir,

Your registered notice to my clients, the Managing Agents, Messrs. The Poornima Straw Board and Paper Mills, Ltd., Moodabidri, has been placed in my hands with instructions to reply thereto, which I do as follows:-

My clients regret to find that you have been given wrong and incorrect instructions. In all that happened prior to the filing of the suit O.S.No.82/1949 on the file of the Sub-Court of South Kanara, my clients are not in the wrong. On the other hand, your clients knowing full well the truth of all the contentions of my clients made profuse representations, through their own intermediaries and made various assurances to Dr. K. R. Kini and the Managing Agents and made them believe that the requisition meeting pursuaded to be held in Bombay was going to achieve the full and complete confirmation of the Board as constituted at the general meeting held on 31-8-1948 and induced my clients, Dr. Kini and others to sign the joint memo. Dr. Kini and my client went all the way from here to Bombay but only to find from what transpired there that it was only a betrayal and going back on the promises that were so profusely made in Mangalore. But anyhow the procedure that was followed at the meeting was ultra vires and irregular. Resolutions passed were illegal, inoperative and infructuous. The Board cannot be constituted in law in that fashion. The Directors have either to resign or have to be removed from their office. The course adopted at the meeting was unauthorised in law. Hence no notice of any meeting of the Board of Directors could be issued to your clients. It is untrue to say that my clients participated in the meeting held on 20-11-1949 at Bombay. On the other hand, Dr. K. R. Kini who presided over the meeting closed the meeting and withdrew from the meeting. No valid meeting took place thereafter and any proceedings drawn thereafter are ultravires, inoperative and infructubus. On consultation at the office of the Assistant Registrar of Joint Stock Companies, Mangalore, it was elicited that the proceedings of the Bombay meeting were ultra vires. My

clients emphatically deny that there was any request on behalf of your client Sri Nagesh Achutha Shenoy for any application forms for shares to enable him to acquire the qualification of shares. He made no such application or request. Such a suggestion is thrown out to save himself from the inevitable consequence of his disqualification, even if his election at the Bombay meeting were to be held proper. Further, again I am to invite your attention to Article 118 which has not been complied with. There are other various infirmities also attached to the proceedings of the meeting, on which your clients rely.

In connection with the further meeting that was to be convened as contemplated by the joint memo, my clients were ever willing and readybut the Company owns no premises in Bombay. A place for holding the meeting has to be pitched upon. Suggestions for holding the meeting at divergent places like Dadar, Andheri and Parel, were made. But there was no guarantee of any peaceful meeting to be held. Objections have been received from Shareholders not to hold general meetings at places other than the Registered Office of the Company. In view of all the circumstances, the only place that could be pitched for legitimately and properly holding the meeting was the registered Office. A meeting is convened. Copy is enclosed for reference. Thus you will see that it is the dissensions and divergence of opinions among the shareholders that has led to this sorry situation. Under the circumstances, there is no need or scope for any litigation. Should, in spite of all these frivolous litigations were instituted by your clients, the same will be defended on your clients' responsibility for all costs and consequences.

Yours faithfully;
(Sd) B. Vaikunta Baliga.

G. SOMASEKHARA RAO, B.A., B.L.,
Vakil, Mangalore.

Mangalore,
16-2-1950.

To

Messrs. G. Poi Brothers,
Managing Agents,
The Purnima Straw Board and Paper Mills, Ltd.,
Moodabidri.

Dear Sirs,

I am to acknowledge the receipt of your reply dated 31-1-1950 to my letter dated 20-1-1950 sent by me on behalf of my clients Sri N. N. Kamath and Nagesh Achutha Shenoy. I communicated your reply to my clients and I have been instructed by them to send this reply to you.

My clients are amused at the contentions put forward in the reply. It is absolutely false to say that my clients, through any intermediaries, had made any promises or assurances either at Mangalore or at any other places to either Dr. K. R. Kini or yourselves that the extra-ordinary general meeting at Bombay was going to give full and complete confirmation of the Board of Directors as constituted at the ordinary general meeting held on 31-8-1948 or on 19-12-1948. The language of the memos dated 17-11-1949, and submitted in the Court of the Subordinate Judge of South Kanara in C.S.82/1949 repels any such suggestion. Further, it is needless for me to point out that what is "ultra vires" of the Company cannot be confirmed or ratified by the General Body. This apart, the allegations as to what transpired at the meeting held at Bombay on 20-11-1949 are only a distortion of facts. The proceedings of the extraordinary general meeting held at Bombay on 20-11-1949, and certified as true by you, have only to be perused to explode the falsity of your contentions as to what transpired there. The memos dated 17-11-1949 and submitted in the Court of the Subordinate Judge of South Kanara in C.S.82/1949 make specific

reference to the meeting duly convened by you for 20-11-1949 at Bombay and it is surprising to see you contending now that the said meeting is not valid and the proceedings thereof are ultra vires, in-operative and infructuous. Your contentions are much belated and are purely after-thoughts.

It is again amusing that you should have sought legal advice from the Assistant Registrar of Joint-Stock Companies, Mangalore, as to the validity or otherwise of the Extraordinary meeting held at Bombay on 20-11-1949 and the proceedings thereof. The Registrar may have altogether a different version to give in the matter. It is again absolutely false to say that my clients, through any intermediaries induced you, Dr. K. R.Kini, and others to sign the memo dated 17-11-1949, submitted in the Court of the Suvordinate Judge of South Kanara in O.S.No.82/1949 or that you, Dr. K. R. Kini, and others are persons who can be so induced to sign the said memo. However, I am to say that your attitude in flouting the resolutions of the General Body and the will of the shareholders and in persisting in going on in your own way is only consistent with your previous conduct and is in utter disregard of the interests of the Company. The balance sheet just circulated showing a loss of ₹36,642-10-7 as at 31-8-1949 indicates how the course the Company has been taking as a result of your attitude.

I am further to point out that you have not acted according to the terms of the memo dated 17-11-1949 to call the extraordinary meeting within two months from 17-11-1949. The meeting ought to have been called within three months of the requisition according to law. The meeting now called for 26-2-1950 is belated and has been &

designedly done. Further, the reasons given in the notice for calling the meeting at Mudabidri, too remote from the place, where the majority of the shareholders reside and contrary to the solemn undertaking in the memo filed in C.S.No.82/1949, Sub-Court, Mangalore, do not bear any scrutiny. Further, it is not known how items 4 in the agenda of the ordinary General Meeting called for 26-2-1950 can legitimately be considered by an ordinary general meeting.

However, it has come to the notice of my clients that the delay in convening the meeting of the General Body as undertaken by you appears to have been availed of to hold meetings of the Board of Directors as constituted at the ordinary general meeting held on 19-12-1948 and without notice to the Directors elected at the requisition meeting held at Bombay on 20-11-1949 at which meeting of the Board of Directors, shares are purported to have been allotted to yourselves and the close relations and friends of your partners. The purpose and object of the move (to obtain control of the voting power in the Company) is quite transparent and my clients have reason to suspect that the allotment of shares is illegal, fraudulent, invalid and a make-believe transaction. This apart, I am to intimate to you that all allegations in your reply suggesting that you and other defendants in O.S.82/1949, Sub-Court, Mangalore, were given any assurances, promises and that these assurances and promises were not adhered to, are false. Further, you have no right to question the validity of the proceedings of the General Body held on 20-11-1949 at Bombay. Yourselves and shareholders have been present and have been present and have participated in the said meeting and the proceedings have been unanimously passed. You, in

calling the meeting on 26-2-1950 at Mudabidri, have failed to act according to the memo dated 17-11-1949, filed by you in C.S.82/1949, Sub-Court, Mangalore.

I am further to state that, without prejudice to the rights of my clients, by reason of all acts of misfeasance, and malfeasance on your part, the new allottees of shares by the defunct Board of Directors, have no status either to be present or to participate and vote at the annual General Meeting or the extraordinary General Meeting and that this question will be raised at the said meetings, and necessary legal action will also be taken to vindicate the rights of my clients. Your attitude is much regretted; however, my clients have no other choice in the matter.

I am,

Yours faithfully,

The Purnima Straw Board & Paper Mills, Ltd.

(Incorporated in India with Limited Liability)

Registered Office:- MOODBIDRI. South Kanara.

Board of Directors

1. Dr K. RAGHAVENDRA KINI M.B. & B.S, Mangalore. *Chairman*
   Director:- The Bank of Mangalore Ltd.
   " The Canara Medical Supplies Ltd.
2. Sri K. N. GAITONDE, Bombay
   Chairman:- Universal Industries (India) Ltd.
   Director:- Associated Bus Company Ltd.
3. Sri ANANTH VITTAL PRABHU, Bombay.
   Chairman:- The Prabhakar Bank Ltd.
   Director:- Vijaya Ice & Soda Factory Ltd.
4. Sri DAMODHAR N. SHENOI, Bombay.
5. Sri GOPAL LAXMAN PRABHU, Moodbidri.
6. Sri PATNASHETTY PADMARAJA SHETTY, Moodbidri.
7. Sri G. VASUDEV PAI, Moodbidri.
8. Sri GOPAL POI G., Moodbidri.
   Director:- The Bank of Mangalore Ltd.
   " The Prabhath Printers Ltd.
9. Sri G. SRIDHARA POI, (Ex-Officio) Moodbidri.

Managing Agents.

G. POI BROTHERS.

Auditor.

Sri A. UMANATH RAO, B.A., G.D.A., D. ECON., F.C.A.
Chartered Accountant.

Legal Adviser

Sri B. VAIKUNTA BALIGA, B.A., B.L., Vakil, Mangalore.

THE PURNIMA STRAW BOAR

(Incorporated Under The Indian Co

BALANCE SHEET AS

Capital & Liabilities	*Rs.*	*As.*	*Ps.*	*Rs.*	*As.*	*Ps*
Capital:						
Authorised & Issued:						
50,000 Ordinary Shares of Rs. 10/- each				5,00,000	0	0
Subscribed & Paid Up:						
11,454 Ordinary Shares of Rs. 10/- each fully called	1,14,540	0	0			
Less: Calls in Arrears	6,000	0	0	1,08,540	0	0
Application Money on Shares:						
Pending Allotment				110	0	0
Loans:						
Unsecured:						
Advances by Managing Agents	88,507	13	8			
Interest Accrued & Due	5,396	8	7	93,904	6	3
Liabilities:						
For Goods Supplied	5,422	3	4			
" Expenses	625	15	9	6,048	3	1
Total				2,08,602	9	4

MOODBIDRI, Dated 22-1-1950

Sd) K. R. Kini
CHAIRMAN

Sd) ಗೋಪಾಲ ಲಕ್ಷ್ಮಣ ಪ್ರಭು
Sd) Gopal Poi G.
Sd) G. Vasudev Pai
Sd) P. Padmaraj Shetty
} Director.

D AND PAPER MILLS, LIMITED.

33

npanies Act-1913,' With Limited Liability)

T 31ST AUGUST, 1949

Property & Assets	*Rs.*	*As.*	*Ps.*	*Rs.*	*As.*	*Ps.*
Fixed Capital Expenditure:						
Freehold Land: at cost				10,911	0	0
Factory Buildings:						
Cost up to 31-8-1948	41,064	0	5			
Add: Additions during the Year	646	4	6	41,710	4	11
Plant & Machinery:						
Cost up to 31-8-1948	85,041	1	8			
Add: Additions during the Year	9,618	4	1			
Conveyance & other Charges	698	5	3			
Factory Staff Maintenance Charges up till production	3,318	2	4	98,675	13	4
Office Furniture: At cost	842	11	0			
Add: Additions during the Year	142	7	9			
	985	2	9			
Less: Depreciation to-date	137	2	9	848	0	0
Typewriter: At cost	540	0	0			
Less: Depreciation to-date	110	0	0	430	0	0
Library Books: At cost				34	1	0
Preliminary Expenses:				4,996	7	0
Industries State Aid Expenses:						
T.A. & Expenses to Directors	2,389	6	0			
Paid to the Provincial Govt.	2,113	7	0	4,502	13	0
Stock At Close:						
At cost or market price whichever is lower as per Inventories certified by the Managing Agents:						
Finished Products	2,400	0	0			
Stores & Lubricants	4,718	0	0			
Packing Materials	880	0	0			
Stock of Stationery	139	12	9	8,137	12	9
Book Debts: Considered good				1,087	11	8
Advances: Recoverable in cash				544	2	4
Cash & Other Balances: Petty Cash				81	12	9
Profit & Loss Account:						
Loss as per last Balance Sheet	16,678	12	0			
Add: Loss for the year	19,963	14	7	36,642	10	7
Total				2,08,602	9	4

For G. POI BROTHERS,

Sd) G. Shridhar Pai
PARTNER
Managing Agents.

Sd) A. Umanath Rao,
B.A., G D A., D.Econ., F.C.A
CHARTERED ACCOUNTANT.
} Auditor.

The Purnima Straw Board and Paper Mills, Limited.

(INCORPORATED IN INDIA WITH LIMITED LIABILITY)

Registered Office: MOODBIDRI, South Kanara.

Notice of the Third Ordinary General Meeting.

Sir/Madam,

Notice is hereby given that the Third Ordinary General Meeting of the members of the Company will be held at the Registered Office of the Company on Sunday the 26th February 1950 at 10-30 A. M. to consider the following agenda:

1. To receive, consider and adopt the Directors' Report and the audited Balance Sheet and Profit & Loss Account for the year ended 31st. August 1949.

2. To elect three Directors in the place of Directors:

   (i) Sri K. N Gaitonde.
   (ii) " G. Vasudeva Pai &
   (iii) " G. Gopal Pai.

   who retire under article 110. All are eligible for re-election.

3. To appoint an Auditor for the year 1949/50 and fix his remuneration. Last year's Auditor **Sri A. Umanath Rao,** B. A., G. D. A., D. Econ. F. C. A., Chartered Accountant is eligible for re-election and is willing to accept the office.

4. In view of the fact that the Government of Madras has in G. O. No. 3560 dated 4-7-1949 Development Department has intimated to the Company to hold a General Meeting of its shareholders and confirm the proceedings of its previous meeting held on 19-12-1948 before disbursement of the sum of Rs. 80,000/- (Rupees eighty thousand only) sanctioned to the company in G. O. No. 6142 Development dated 11-12-1948 under the State Aid to Industries Act, the following resolution is placed for being passed.

"Resolved that all the proceedings of the Annual General Meeting held on 19-12-1948 be and are hereby confirmed and ratified."

It is requested that you would be good enough to attend the meeting If, however, you find it inconvenient to do so you could appoint another shareholder of the Company as your proxy by duly filling up the proxy form enclosed.

The Register of members and transfer books of the Company will remain closed from 12th February, 1950 to 28th February 1950, both days inclusive. All proxy papers should be deposited at the Registerd Office of the Company not less than 72 hours before the time fixed for holding the meeting or any adjourned meeting at which the appointee proposes to vote.

By order of the Board,

For G. POI BROTHERS,

G. Gopal Poi,
Partner.
Managing Agents.

Office of the Company,
Moodbidri,
28th January 1950.

Directors' Third Report and Statements of Account.

The Directors beg to submit the THIRD ANNUAL REPORT together with the Audited-Balance Sheet as on 31-8-1949, the relative Profit and Loss Account and the Auditor's Report.

The annexed accounts show that the Company has incurred a loss of Rs. 36,642-10-7 up to the end of the third year's working which the Directors propose to carry forward to the next year.

Although the Company began production early in the account year, they could do so intermittently and on a small scale due to lack of certain additional equipment which could be installed only towards the end of May. As such the Directors have been able to step up production considerably.

In conclusion the Directors wish to offer their sincere thanks to the shareholders of the Company for their patience during the difficult period and to all those well-wishers and friends who have given their support and advice in the procurement and erection of the plant and machinery which the Directors hope, they will extend in ever increasing measure in the future.

For and on behalf of
THE BOARD OF DIRECTORS,
Sd) K. R. Kini,
Chairman.

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Dr. **TRADING AND PROFIT & LOSS ACCOUNT F**

		Rs.	As.	Ps.	Rs.	As.	Ps.
To	Purchases of Raw Materials	1,825	10	10			
"	Purchases of Chemicals	597	9	9	2,423	4	7
"	Diesel Oil consumed	2,659	5	0			
"	Lubricants consumed	386	14	10			
"	Fuel consumed	41	0	0	3,087	3	10
"	Wages				4,180	6	6
"	Carthire & Cooly				7	15	0
				Total	**9,698**	**13**	**11**
To	Loss brought down			....	3,239	13	11
"	Remuneration to Mg. Agents			....	6,000	0	0
"	Establishment Charges			....	1,920	10	8
"	Printing & Stationery			....	200	6	9
"	Postage & Telegrams			....	201	0	9
"	Rent Paid			....	120	0	0
"	Interest Paid			....	5,396	8	7
"	Travelling Expenses			....	338	8	9
"	Bank Charges			....	11	13	0
"	Sitting Fees & T. A. to Directors			....	478	9	0
"	Audit Fees			....	100	0	0
"	Advertisement Charges			....	460	0	0
"	Discounts paid			....	52		4
"	Office Expenses			....	99	2	3
"	Packing Materials & Charges			....	71	15	10
"	Canteen Expenses			....	35	0	0
"	Building Repairs			....	97	13	9
"	Fire Insurance Premia			....	673	3	0
"	Miscellaneous Expenses			....	344	14	3
"	Depreciation w/off			....	129	7	9
				Total	**19,971**	**6**	**7**

MOODBIDRI,
Dated 22-1-1950

Sd) K. R. Kini
CHAIRMAN

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AUDITOR'

I have to report that I have examined the above Balance Sheet of THE PURNIMA STRAW for the year ended that date with the Books and Vouchers and that I have obtained all the informati

In my opinion, such Balance Sheet and Profit & Loss Account are drawn up in conformity wit according to the best of my information and the explanations given to me and as shown by the Book have been maintained as required under Sec. 130 of the Indian Companies Act.

Camp: MOODBIDRI,
Dated 22—1—1950.

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OR THE YEAR ENDED 31ST AUGUST, 1949.

37 Cr.

	Rs.	As.	Ps.	Rs.	As.	Ps.
By Sale of Bo				3,559	0	0
" Closing Stock:						
Finished products	2,400	0	0			
Chemicals	500	0	0	2,900	0	0
" Loss carried down				3,239	13	11
			Total	9,698	13	11
By Share Transfer Fees			....	5	8	0
" Miscellaneous Receipts			....	2	0	0
" Loss for the year			....	19,963	14	7
			Total	19,971	6	7

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Gopal Poi G.
G. Vasudev Pai
D. Padmaraj Shetty
} Directors

For G. POI BROTHERS,
Sd) G. Shridhar Pai
PARTNER
Managing Agents.

REPORT.

ARD & PAPER MILLS, LIMITED, as at 31st August, 1949 and the Profits & Loss Account
d explanations I have required.

Law and the Balance Sheet exhibits a true and correct view of the state of affairs of the Company
Vouchers of the Company. Further, in my opinion, the Books of Account of the Company

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(Sd) A. Umanath Rao,
B. A., G. D. A., D. Econ., F. C. A.
CHARTERED ACCOUNTANT.
} Auditor.

The Purnima Straw Board And Paper Mills Limited.

(Incorporated in India with Limited Liability)

DIRECTORS'

THIRD REPORT

AND

Statements of Account

AS AT

31st August, 1949.

SRKPM

To

THE HON'BLE THE MINISTER OF INDUSTRIES,
GOVERNMENT OF MADRAS,
SECRETARIAT, M A D R A S .

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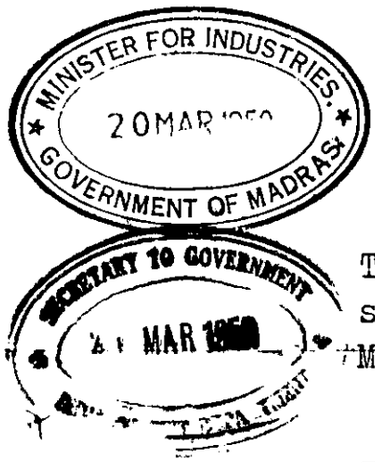

The humble petition of Sri B. R. Kamath, son of B. Narasimha Kamath, Merchant, Moodabidri, Karkal Taluk, South Kanara District.

The petitioner begs to state as follows:-

1. That, all notices to be served on the petitioner in this petition may be served on the petitioner to the address given above.

2. That, he and 4 others sent, by registered post, a petition dated 27-2-1950 setting out the various facts and circumstances, which the Hon'ble Minister of Industries, may kindly consider, before the loan of ₨80,000 is paid to the Purnima Straw Board and Paper Mills, Ltd., Moodabidri, South Kanara.

3. That, this petition may be also duly and kindly considered by the Hon'ble Minister of Industries.

4. That, he has stated in the previous petition that the meetings held on 26-2-1950 by the Purnima Straw Board and Paper Mills, Ltd., Moodabidri and the proceedings thereof, are illegal, invalid and void.

5. That, all the proceedings of the said meeting have to be filed by the said Mills with the Assistant Registrar of Joint Stock Companies, Mangalore, South

Kanara, for recording the same.

6. That, he, therefore, humbly prays that the Assistant Registrar of Joint Stock Companies, Mangalore, South Kanara, may be also kindly consulted as to whether the proceedings of the meetings held on 26-2-1950 have been filed within time by the Mills and have been duly recorded by him and as to the irregularity, illegality and invalidity or otherwise of the said proceedings.

Mangalore,
18-3-1950.

B K Ramnath
Petitioner.

Dev. Dept.

To A.S.

pages 17-18 above may be perused. A reply from the D.I.S.C to the Endt. on p.16 above may be awaited till 17-4-1950.

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To

THE HON'BLE THE MINISTER OF INDUSTRIES,

GOVERNMENT OF MADRAS,

SECRETARIAT,

M A D R A S.

Respected Sir,

We the undersigned petitioners and members of the Purnima Straw Board and Paper Mills Limited, a Company registered under the Indian Companies' Act and having its registered office at Mudabidri, Karkal Taluk, South Kanara District, beg to place before your goodself the following facts for your kind consideration and necessary action.

1. Messrs. G. Poi Brothers, Moodabidri, South Kanara District is a partnership firm who have entered into an agreement with the aforesaid Company as its Managing Agents.

2. The petitioners hold shares in the aforesaid Company.

3. Sri M.V. Shenoy, son of Vasudeva Shenoy, Merchant, Madhav Bhuvan, Sewree, Bombay No. 15, and Sri N.N. Kamath, son of Narsaya Kamath, General Engineering Works, Bombay No. 4 were among those who were elected as the first Directors of the Company and were due to retire by reason of the Article 110, as to the rotation of the Directors at the annual general meeting to be held in 1948 at which meeting their place would have to be filled up by new elections; they were however eligible for re-election.

4. The Company was practically started and financed by people in Bombay and in the first Board of Directors consisting of 9 members, six were persons who had their permanent residence in Bombay and only three viz., the partners of the Managing Agents and one Sri G. Vasudeva Poi, are the directors who have their residence in South Kanara.

5. After the Company was incorporated and Messrs. G. Poi Brothers had secured their position by means

of the Contract with the Company as the Managing Agents, Messrs. G. Poi Brothers, began to act in an arbitrary manner practically ignoring the Board of Directors and arrogating to themselves the powers and functions of the Board of Directors and in this, the fact that the six of the nine Directors were persons from Bombay, facilitated the conduct of the Managing Agents.

6. The Managing Agents were not keeping the Board of Directors informed of the affairs of the Company and of the progress made in Moodabidri where properties were purchased for the Company and work of construction of a factory was taken on hand. On occasions decisions were taken by the Managing Agents and communicated to the Board of Directors after it was too late for the Board to take any effective action.

7. Meetings of the Board of Directors were being convened at Mudabidri and too often the notices of such meetings were so short as to make it impossible for the Bombay Directors to attend such meetings or important functions organised in relation to the Company.

8. The Bombay Directors protested time and again as to the manner in which the Managing Agents were treating them and repeatedly desired that a meeting of the Board of Directors should be called at Bombay so that a full meeting could be held and the Directors there might acquaint themselves of the true conditions of the affairs with regard to the Company.

9. Such requests and protests, having been ignored and no action taken by the Managing Agents, the Directors in Bombay convened a meeting on 19-11-48. At such meeting a formal protest was made that the Managing Agents were ignoring the desire of the Directors and that a meeting should be convened at Bombay. It further requested the Managing Agents that a meeting should be atleast called for on 10-12-1948 at Bombay. The said communication was duly communicated to the Managing Agents but no action was taken.

10. That, the Managing Agents however purported

to call the annual meeting of the Company on 19-12-1948 at Mudabidri for transacting the ordinary business of the Company, and among other things the passing of accounts and the elections of new Directors in the place of those that were due to retire. Sri M.V. Shenoy and Sri N.N. Kamath and one Narayan Sheshagiri Bhat, of Bombay were the three Directors who were to retire but were eligible for re-election.

11. Though the meeting was convened for 19-12-1948 notices convening the meeting appear to have been got printed with the date 1-12-1948 but as a matter of fact these notices, atleast so far as Bombay Shareholders are concerned were posted only on 10-12-1948 in Mangalore, were delivered to the addressees not earlier than 14-12-1948.

12. Some of the Bombay Directors and shareholders sent telegrams to the Managing Agents complaining of the insufficiency of notice and one of them caused a lawyer's notice ~~to be~~ was sent to the Managing Agents which was delivered at 9-30 a.m. before the time fixed for the annual General Meeting in which the Managing Agents were apprised of the insufficiency of the notice and they were warned not to hold the meeting as the proceedings would be invalid in law and void.

13. Notwithstanding these portests, the General Body Meeting was held on 19-12-1948 at which telegrams of protests sent from Bombay and the lawyer's notice were not at all placed before the meeting. The protests were ignored and the meeting proceeded with. The Managing Agents were obviously desiring to exploit the situation to bring in their own nominees as Directors.

14. The proceedings dated 19-12-1948 of the said meeting do not disclose the number of shareholders that were present and participated in the meeting and it is not known whether or not there was a quorum as required by the Articles of Association. Proceedings further disclose that three gentlemen have been elected as Directors in the place of

Sri M.V. Shenoy and Sri N.N. Kamath and Narayan Sheshagiri Bhat.

15. The meeting convened for 19-12-1948 was not a properly and validly convened meeting inasmuch as 14 days' clear notice as required has not been given to the shareholders in Bombay including the petitioners and some of them did not get any notice at all; By reason of the delay in sending the notices the shareholders in Bombay and among them the petitioners were prevented either from being present in person or from exercising their votes through proxies as in the ordinary course and nature of things these could not have been deposited 72 hours before the hour fixed for the meeting with the result they could not exercise the valuable right which they had with regard to the administration and affairs of the Company.

16. As the meeting held on 19-12-1948, was illegal, and invalid, and the proceedings thereof are unjust, illegal and invalid according to law, equity and the articles of Association of the Company, the petitioners Sri M.V. Shenoy and Sri N.N. Kamath and three others filed a suit O.S. No. 82/1949 against the Company and its Managing Agents in the Court of the Subordinate Judge of South Kanara for the following reliefs:-

(a) For a declaration that the ordinary general meeting of the members of the Company held on 19-12-1948 and the election of the new gentlemen as directors, at that meeting are illegal, invalid and void and were of no effect and for a mandatory injunction directing the Managing Agents to call a proper and valid ordinary annual general meeting of the members of the Company in the place of the ordinary general meeting of the members of the Company held on 19-12-1948;

(b) For a declaration that petitioners Sri M.V. Shenoy, Sri N.N. Kamath and one Narayan Shesagiri Bhat do continue as Directors notwithstanding the proceedings of the ordinary general meeting

of the Company dated 19-12-1948 and for the injunction restraining the new gentlemen elected as Directors in the said meeting from participating in the meetings of the Board of Directors of the Company.

17. During the pendency of the suit, some of the shareholders, called upon the Managing Agents to call for an extraordinary meeting for the purpose of considering and if thought fit passing certain special resolutions with or without modifications. Accordingly the Managing Agents called for an extraordinary meeting and the proceedings thereof are enclosed herein for reference.

18. On 17-11-1949 the Company and the Managing Agents, filed a memo in O.S. No. 82/49 aforesaid, to this effect:

"That a requisition under Section 78 of the Indian Companies' Act and dated 22-9-1949 has been received from the requisite shareholders of the Company for calling for an extraordinary meeting of the Company in which, the agenda proposed to be placed before the extraordinary general meeting includes inter alia the following special resolution.

"Resolved that the ordinary general meeting in which the 2nd report and the audited balance sheet of the Company as on 31-8-1948 and the income and expenditure account for the period ending the same date, be treated as ultra vires, invalid, and improper and as such the same may be reviewed and reconsidered in this meeting and if deemed fit, the same may be passed."

N.B. The ordinary general meeting in which the 2nd report and the audited balance sheet of the Company as on 31-8-1948, was considered is the ordinary general meeting dated 19-12-1948, which is the subject-matter of the above suit O.S. No. 82/1949.

51 29

(b) The Managing Agents and the Company have called for the extraordinary meeting as desired and the said meeting has been fixed on 20-11-1949 at 10 a.m. at Sewall Building, Byculla Health Home, Delisle Road, Bombay No. 27, but the Company and the Managing Agents have not however placed the aforesaid resolution on the agenda under legal advice, as they were apprised that the matter of the said resolution was sub-judice.

(c) But the Managing Agents submit that they are prepared and willing and they do hereby undertake to place the said resolution before a general meeting of the Company to be specially called for that purpose and at Bombay and abide by the decision of the said general meeting of the Company as t o the legality or otherwise of the proceedings of the general meeting of the Company held on 19-12-1948 at Mudabidri, provided that the plaintiffs will withdraw the above suit. The extraordinary general meeting will be called and held within two months from this date (17-11-1949) for considering the special resolution mentioned in para (a) supra.

20. The plaintiffs among whom were Sri M.V. Shenoy and Sri N.N. Kamath, filed a memo on 17-11-1949 in the said suit O.S. No. 82/1949 as follows:-

"In view of the memo filed by the Company and the Managing Agents into Court in the above suit to-day, the suit is hereby withdrawn and not pressed by the plaintiffs".

21. The Subordinate Judge, South Kanara passed the following judgement in the said suit O.S. 82/1949 on 17-11-1949 as follows:-

"When the suit was called to-day the plain-

tiffs filed into Court a memo stating that they do not press the suit in view of the memo filed by the defendants on this day. The defendants do not press for their costs. The suit is accordingly dismissed without costs."

22. On 20-11-1949, all the special Resolutions except the special resolution No. 1 in the requisition (which special Resolution No. 1 has to be considered at another special extraordinary meeting as per the memo filed by the Company and its Managing Agents in the above suit O.S. No. 82/1949) were considered, and a copy of the proceedings of the said meeting is enclosed herein for reference. The said proceedings, the petitioners learn, have been filed before the Assistant Registrar of Joint Stock Companies, Mangalore.

23. The Managing Agents have failed to act up to their undertaking given in the above O.S. No. 82/1949. Again plaintiffs Sri M.V. Shenoy and Sri N.N. Kamath and Sri Nagesh Achutha Shenoy who were elected as Directors on 20-11-1949 have had no notice at any time of any requisition of a meeting of the Board of Directors in spite of Article 122 which requires that the Board shall meet at least once in two months. All this made Sri N.N. Kamath and Sri Nagesh Achutha Shenoy suspect that after giving a solemn assurance to them by the Managing Agents and having managed to get the suit withdrawn they have failed to implement their assurances or carry out the resolution of the General Body. Copies of the legal notices sent by Sri N.N. Kamath and Sri Nagesh Achutha Shenoy in this connection and the reply of the Managing Agents are enclosed herein for reference. The said notices and reply clearly show how the Managing Agents are flouting the resolutions of the General Body and the will of shareholders and are persisting in going on in their own way in utter disregard of the interests of the Company.

23. The Managing Agents called for a general meeting to be held on 26-2-1950 at Mudabidri. The copy of the notice of the said meeting is enclosed herein for reference.

24. The said meeting and the proceedings are illegal, invalid and void for the following among various other grounds:-

(1) The meeting has not been held according to the terms of the memo dated 17-11-1949 given by the Managing Agents in O.S. No. 82/1949 on the file of the Court of the Sub-Judge of South Kanara. The meeting ought to have been called within three months of the requisition according to law. The meeting held on 26-2-1950 is belated and has been designedly done. Further the reasons given in the notice for calling the meeting at Madabidri, too remote from the place where the majority of the shareholders reside and contrary to the solemn undertaking in the memo filed in O.S. 82/1949 Sub-Court, Mangalore, do not bear any scrutiny.

(2) Notice given of the meeting and of the special and other resolutions to be moved at the said meeting is neither proper, sufficient, nor valid.

(3) The proceedings of the extraordinary general meeting held at Bombay on 20-11-1949 and certified as true by the Managing Agents and filed before the Assistant Registrar of Joint Stock Companies, Mangalore, South Kanara, have not been either respected or complied with or given effect effect to. The Managing Agents seem to contend that the proceedings of the said meeting are ultra vires. They have no right to question or decide the validity of the proceedings of the General Body held on 20-11-1949 at Bombay. The Board of Directors as shown in the notice of the meeting held on 26-2-1950 is not the Board of Directors as constituted under the proceedings of the extraordinary meeting held on 20-11-1949 at Bombay.

(4) It is not known how item 4 in the agenda (regarding the loan under the State Aid to Industries Act; of the ordinary general meeting called for 26-2-1950, can be legitimately considered by an ordinary general meeting. Further the proceedings of the annual General Meeting held on 19-12-1948 being illegal, void and ultra vires of the Company, cannot be confirmed and ratified by the General Body.

(5) Again, the petitioners learn that the Board of Directors as constituted at the ordinary general meeting held on 19-12-1948 has allotted shares, just a few days before the issue of the notice, of the meeting to be held on 26-2-1950, to the Managing Agents, and the close relations and friends of the partners of the Managing Agents, without notice to the Directors elected at the requisition meeting held at Bombay on 20-11-1949. The purpose and object of the move (to obtain control of the voting power in the Company) is quite transparent and the petitioners submit that the said allotment of shares is illegal, fraudulent, invalid and a make-believe transaction. The new allottees of shares by the defunct Board of Directors have no status either to be present or to participate and vote at the annual general meeting or the extraordinary General Meeting and in spite of protest, the new allottees have voted at the meeting held on 26-2-1950. Their votes are invalid and void.

(6) The ordinary general meeting held on 19-12-1948 and the proceedings thereof are illegal, void and ultra vires of the Company. The general Body at its meeting held on 26-2-1950 cannot confirm or ratify what is ultravires of the company.

(7) Some of the proxies which are valid have been

declared invalid without any valid reasons by the Managing Agents and have not been allowed to vote.

(8) All Resolutions in the extraordinary meeting and general ordinary meetings held on 26-2-1950 have not been passed by a majority as required by law and Articles of Association.

25. Petitioners will apply for a certified copy of the proceedings of the meeting held on 26-2-1950 on obtaining the said copy, the petitioners, intend taking such legal steps as they may be advised against the Company and the Managing Agents to vindicate their rights.

26. The balance sheet as at 31-8-1949 the correctness and validity of which the petitioners do not admit, shows that a sum of Rs. 88,507-13-8 is due to the Managing Agents by the Company as unsecured advances made by them to the Company and a sum of Rs. 5,396-8-7 is due to them by the Company by way of interest therein. Again it is seen from the said balance sheet, that there is a loss of Rs. 36,642-10-7. The petitioners do not admit the correctness and the validity of the balance sheet as at 31-8-1948 of the Company.

27. The petitioners learn that a loan of Rs.80,000/ has been sanctioned by the Madras Government under the State Ai to Industries' Act. The petitioners apprehend that the said lo if it is granted, may be utilised by the said Managing Agents further their own interest and to the detriment of the intere the shareholders and the Company. The petitioners have there placed before the Hon'ble Minister of Industries all the above facts and circumstances, so that the Hon'ble Minister, may duly consider whether the apprehension of the petitioners is real or imaginary.

The petitioners, therefore, pray that the above facts may be duly considered before the loan is paid.

Bombay)
21st. March, 1950.
Suraj Building
Elphinstone Road
Bombay 13.

P. R. Prabhu

Sd. Prabhakar Rayappa Prabhu Kothare

Petitioners.

20315-DII/50

All the further communication may be sent to the following address.

P. R. Peables
Swatantra Bharat Hindu Hotel.
Suraj Bld. Elphinstone Rd.
Bombay 13.

Enclosed 1. ~~Copy of~~ Segregation of the Petitioners
2 Copy of the Requisition Notice
3. Copy of the Proceedings of the Extraordinary meeting.
4. Copy of the Lawyers Notice
5. Copy of the Reply by the Company.

24/2/53

Issue
28.3.53

Dev Dept(-)

Endt. No. 20315-DII/50-2 dated 28-3-1953.

Referred to the D.I.& C for remarks in continuation of this Dept Endt. No. 20315-DII/50-1 dated 15-2-1950.

pl. above.

I.S.R. 28.3.53

28/3/53

To the I.I.& C. (with copy of pp 17-38 above, and 39-50 in original for returned with pl(y))

P.D. 17-4-53

61

Department of Industries & Commerce.

29923 Ind 1/50

From
Sri. M.T. Raju, I.C.S., Bar-at-law,
Director of Industries & Commerce,
Mackays Gardens, Cathedral Post,
Madras - 6.

To
The Secretary to Government,
Development Department,
Madras.

ASSISTANT SECRETARY TO GOVT. 4 APL 1950 DEVELOPMENT DEPARTMENT

No.S.A.3829/48 dated 30-3-50.

Sir,

Sub:- The Purnima Straw Board and Paper Mills Ltd., Mudabidri, South Kanara - Working of - Regarding.

Ref:- Government Endorsement No. 20316 DII/50-1 dated 15-3-50.

p 16 above

In their petition dated 27-2-50 forwarded with Government endorsement cited above the petitioners allege that the proceedings of the extraordinary general body meeting of the Purnima Straw Board and Paper Mills Ltd., held on 26-2-50 are illegal, void and ultra vires, and request that Government may take notice of their intention to impeach these proceedings in a Court of Law, before the loan sanctioned to them in G.O. No.6142 Development dated 11-12-48 is finally disbursed. The general body meeting, the proceedings of which the petitioners protest against, was convened in obedience to the orders issued in G.O. Ms. 3560 dated 4th July 1949 directing that before the disbursement of the loan is effected the Company should hold a general body meeting and secure confirmation of the proceedings of the previous general body meeting. The resolution that the proceedings of the previous meeting of the general body held on 19-12-48 be confirmed and ratified, when put to vote at the meeting held on 20-2-50, was passed by a majority of 808 votes, the votes cast in favour of the resolutions being 7032 and those against being 6224. The petitioners contend that for the purpose of gaining voting strength at the meeting of the 26th February fresh shares were allotted in favour of the friends of the Managing Agents, but that this allotment is illegal since the Board of Directors which allotted these shares was not validly constituted in as much the proceedings of the meeting held on 19-12-48, at which fresh directors were appointed in place of the retiring ones were illegal Point is lent to this criticism by the circumstances that the balance sheet of the company on 31st August 1949 discloses that the total number of ordinary shares subscribed and paid up upto that date was 11,454 only whereas the number of shareholders who voted at the meeting on the 26th February 1950 was 13,256. If as the petitioners now contend the proceedings of the meeting held on 26-2-50 are invalid, the proceedings of the previous meeting held on 19-12-48 will remain unratified; and as a result the Board of Directors appointed at the first meeting may even be declared as not having been validly constituted and having acted without jurisdiction in the allotment of additional shares, which, in turn, if invalid, will vitiate the proceedings of the meeting on 26th February 1950. In the circumstances it is apprehended that the affairs of the company are likely to be involved in serious litigation which the petitioners now threaten to bring about, and the result of such proceedings can hardly be foreseen.

/consequently

2. Further, from the voting that took place at the meeting held on the 26th February 1950 it will be seen that the agents and their opposition among the shareholders are almost equally divided. The keenness and the closeness of the voting reveal the existence of very strong dissensions among the shareholders - a circumstance which augurs ill for the future of the company. One cannot be sanguine whether the managing agents will be able to run the company successfully so long as the large opposition among the shareholders that they are at present

A

p.t.o.

encoutering remains unresolved. I would in this connection also invite reference to the balance sheet of the company which shows an expenditure of Rs. 2389--6--0 on T.A. and the expenses of Directors in connection with their application for State Aid. If this item should be any indication of the general management of the Managing Agents, I eonsider that the fears the petitioners have expressed about them cannot be viewed as being without foundation.

A pp 32-33 above
'A' on p 33 above

3. In the circumstances explained above, I can see little prospect of the successful working of this company, and would therefore suggest that the loan sanctioned to them may be withdrawn. If however the Government considers it ~~xxkxxxinx~~ embarrassing to withdraw the loan at this stage, I suggest that the disbursement of the loan may be made conditional on the execution of personal security bonds by both the Managing Agents and the Directors of the Company guaranteeing the repayment of the loan. I request the favour of early orders.

The original enclosures sent with the Government endorsement referred to above are also returned herewith as desired.

pp 7-38 above

V. Sattanathan
for DIRECTOR OF INDUSTRIES & COMMERCE.

BN/31-3.

pd 1/4

The

Purnima

Straw Board and Paper Mills, Limited.

63

REGISTERED OFFICE:
MOODBIDRI, S. I.

Your Ref:

Our Ref: - - G.No.269/50.

Date 7th April 1950.

PI 31093

To
The Secretary,
Development Department,
Govt. of Madras. Fort St. George,
Madras.

Dear Sir,

Your Ref: G.O.No.Ms.3560-dated 4th July1949,

Sub: State Aid to our Mills Sanctioned Loan of Rs. 80,000/- - all conditions fulfilled

We submit herein enclosed a certified copy of the entire proceedings of the General Body meeting held on 26-2-1950 which in addition to other items resolves confirmation and ratification of the proceedings of the Annual General Meeting held on 19-12-1948 as per the order of the Government of Madras, G.O.No.3560-dated 4-7-1949 Development Department.

An extract of proceedings of the same is already been sent to the Director of Industries & Commerce, Madras.

Thanking you,

Yours faithfully,
For: G. Poi Brothers,

Enc: 1. (One)

Partner,
Managing Agents.

THE PURNIMA STRAW BOARD & PAPER MILLS LIMITED,
Moodbidri, S.K.

Proceedings of the 3rd Annual General Meeting of 26-2-1950 at 10-30 A.M. at the Registered Office of the Company.

Present:-

1. Dr. K.R.Kini
2. G.Vasudev Pai
3. B.C.Indra
4. N.P.Murayar
5. P.Padmaraja
6. M.Vittal Shenoy
7. M. Krishnappa
8. Krishna Gopal
9. K.Ganesh Pai
10. M.R.Mallya
11. B.Rama Rao
12. M.S.Kuppa
13. K.Krishna Kamath
14. M.Muthappa
15. M. Narsinh Naik
16. P.R.Prabhu
17. K. Jinaraj Kottari
18. M. Devaraj Shetty
19. M.Kalinga Pai
20. M.D.Ramanna Shetty
21. Vittal Bhat
22. M. Mohan
23. P.Madmannaya
24. M.S.Shetty
25. A.Narasinhaya
26. Narasinh Pai
27. Gopal Laxman Prabhu
28. M.S.Shaffi
29. G.Shridhara Pai
30. N.A.Shenoy
31. V.V.Shenai Khar
32. N.N. Kamath
33. P.R.Prabhu
34. M.S.Padival
35. P.D.Kamath
36. B.R.Kamath
37. Sheik Imam Saheb
38. Rayappa Laxman Prabhu
39. Seetharama Bhat
40. Cherdappa Narayan Shenai
41. Rayappa Kamath B.
42. Narayan Hegde
43. Gopal Pai G.
44. M.V.Shenoy
45. K.R. Kini.

The Managing Agents Partner Sri G.Gopal Pai read the notice of the meeting. The Chairman in a short speech gave an id of the Industry and the present position of the Mill and appealed for the co-operation of the share-holders.

The Chairman then formally moved the following resolution:-

(1) "Resolved that the Directors' Report and the Balance Sheet & Profit and Loss Account for the year ending 31.8.1949 be adopted".

Sri. N.P.Murayar seconded the resolution.
Sri. B. Ramakrishna Kamath opposed and Sri P.Damodar Kamath seconded the opposition.
Passed by a majority on a show of hands.
A poll was demanded by the following:
1. Sri. B.Ramakrishna Kamath
2. " Vaman Vasudev Shenoi
3. " N.N.Kamath
4. " Nagesh Achutha Shenoy
5. " Madhav V.Shenai.
The poll will be taken at the end of the meeting.

(2) To elect three Directors in the place of Directors, (1) Sri. K.N.Gaitonde, (2) Sri. G.Vasudev Pai and (3) Sri.G. Gopal Pai. The proposal to elect the following share holders have been also received in due time. (1) Sri P.Damodhar Kamath and (2) Sri. H.Rayappa Laxman Prabhu.

"Resolved that the following share holders be elected as Directors (a) Sri. H.Rayappa Laxman Prabhu, (b) Sri. G.Vasudev Pai and (c) Sri. G.Gopal Pai".

Proposed by Sri. A.C.Narsinhaya and seconded by Sri Ganesh Pai - Passed by a majority on a show of hands.

An alternative resolution was proposed by Sri.B.Ramakrishna Kamath and seconded by Sri. Madhav Shenai as follows:--

"Resolved that M/s.(1) Rayappa Laxman Prabhu (2) P.Damodhar Kamath and (3) K.N.Gaitonde be elected as Directors in place of the retiring Directors" - Fell through by a majority on a show of hands.

A poll was demanded by the following share-holders: (1) Sri. B. Ramakrishna Kamath (2) Sri.Nagesh Achutha Shenai, (3) Sri. Madhav Vasudev Shenai (4) Sri.N.N.Kamath (5) Sri. V.V.Shenai. The poll will be taken at the end of the meeting.

(3) To appoint an Auditor for the year 1949-50 and fix his remuneration. Last year's Auditor Sri.A.Umanath Rao, B.A., G.D. A., D.Econ., F.C.A., Chartered Accountant is eligible for re-election and is willing to accept the offer.

"Resolved that Sri. A.Umanath Rao, B.A.,G.D.A., D.Econ., F.C.A., Chartered Accountant be elected Auditor for the year 1949-50 and on remuneration of Rs.100/- for the year"

Proposed by A.C.Narasinhaya and seconded by Sri.N.P. Murayar - Passed unanimously.

(4) In view of the fact that the Govt. of Madras has in G.O.No.3560 dated 4-7-49 Development Department intimated to the Company to hold a General Meeting of its Share-holders and confirm the proceedings of its previous meeting held on 19-12-1948 before disbursement of a sum of Rs.80,000/-(Rupees Eighty Thousand only) sanctioned to the Company in G.O.No. 6142 Development dated 11-12-1948 under the State Aid to Industries Act, the following resolution is placed for being passed:-

"Resolved that all the proceedings of the Annual General Meeting held on 19.12.1948 be and are hereby confirmed and ratified".

Proposed by Sri.A.C.Narasinhaya and seconded by Sri.G. Vasudev Pai - Passed by majority on a show of hands. A poll was demanded by M/s. (1) B.Ramakrishna Kamath (2) P.Damodhar Kamath (3) M.Shridhara Padival (4) Vaman Vasudev Shenai (5) Madhav Vasudev Shenai. The poll will be taken at the end of the meeting.

The items in the agenda having been considered and votes by show of hands having been taken as recorded above polling of votes for the polls demanded was taken up.

The following member left the meeting before votes were taken by show of hands.

(1) Sri. K.D.Ramanna Shetty.

The following members are not entitled to vote as they are in arrears of share capital.

(1) Sri M.Devaraj Shetty, (2) Sri.Shivanna Sherigar

The Proxy papers were then distributed for each resolution separately and the members were requested to come to the Chairman's table for recording their votes one by one.

Resolution No.1: The votes cast were counted by the Chairman and the result was as follows:--

In favour of the Resolution.	...	7,032
Against the Resolution	...	6,024
Majority in favour of the Resolution ..		1,008

The motion was adopted by a majority and the Directors' Report, audited Balance Sheet and Profit and Loss Statement were declared adopted.

Resolution No.2:-

As both the resolutions contained a common name of Sri H.Rayappa Laxman Prabhu, his name was not put for poll. He was declared duly elected as a Director. The four other names were then put for the poll and the result of the counting of the votes by the Chairman was as follows:--

(1) Sri. G.Vasudev Pai.	...	7,029
(2) Sri. G.Gopal Pai	...	7,032
(3) Sri. K.N.Gaitonde	...	6,224
(4) Sri. P.Damodhar Kamath	...	6,227

The following persons who got the first two highest number of votes were declared elected as Directors for the remaining places.

(1) Sri. G.Gopal Pai.	...	7,032
(2) Sri. G.Vasudev Pai.	...	7,029

So, for the three places vacant on the Baard of Directors the following were declared duly elected.

(1) Sri. M. Rayappa Laxman Prabhu
(2) Sri. G.Gopal Pai
(3) Sri. G.Vasudev Pai.

Resolution No.4:-

The votes casted were counted by the Chairman and the result was as follows:-

In favour of the motion.	...	7,032
Against the motion.	...	6,224
Majority in favour	..	808

The motion confirming the resolutions passed at the 2nd Annual General Meeting held on 19.12.'48 was declared adopted.

With a vote of thanks proposed by Sri.N.P.Murayar to the Chairman the Meeting terminated.

Sd/ K.R.Kini
CHAIRMAN.

(True Copy)

For THE PURNIMA STRAW BOARD & PAPER MILLS LIMITED
For G. PAI BROTHERS,

Partner
Managing Agents.

71

D 32580

Department of Industries & Commerce.

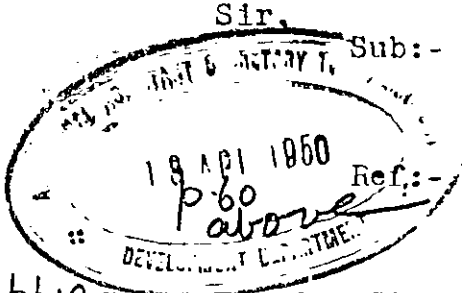
From
Sri. M.T. Raju, Bar-at-Law, I.C.S.,
Director of Industries & Commerce,
Mackays Gardens, Cathedral Post,
MADRAS - 6.

To
The Secretary to Government,
Development Department,
Fort St.George,
Madras - 9.

No.S.A.3829/48 dated 11-4-49.

Sir,

Sub:- State Aid to Industries - The Purnima Straw Board and Paper Mills, Ltd., Mudaliarpet - Loan - Disbursement of - Petition from the members of the company - Remarks on.



Ref:- Government Endorsement No. 20315-D II/50-2-Development dated 28-3-1950.

The petition dated 21-3-1950 from the members of the Purnima Straw Board and Paper Mills Ltd., Mudaliarpet, copy forwarded with the Government Endorsement, cited above is only a copy of the petition dated 27-2-1950 from the Directors of the Company, copy forwarded with the Government Endorsement No. 20315-D II/50-1 Development dated 15-3-50, I have already submitted my remarks on the first petition in my letter No.S.A. 3829/48 dated 30-3-50 and I have nothing more to add.

The enclosures sent with the Government Endorsement cited above are returned herewith.

pp 19-38 above
p 16 above
pp 61-62 above
pp 73-84 below

S. Rajamanya
DIRECTOR OF INDUSTRIES & COMMERCE.

BN/12-4.

12/4

Shares held.	Name of the Members. Signature.
200.	Narayan Ramachandra Naik
75	Rahmtulla Peerbhoy Dossani
25	[illegible] Rahmtulla Peerbhoy & [illegible]
100.	Vaikunta Chandra Prabhu
25	V. J. Nayak.
100	[illegible]
100	[illegible] Narayan Phal-
25.	[illegible]
100	[illegible]
200	Krishna. V. Shanbhag
100	V. M. Kamath.
75	P. R. Prabhu
50	[illegible]
10.	S. Fernandes.
300	[illegible]
10	[illegible]
10	[illegible]
100	C. G. Pereira
50.	L. H. T. Vithoba Belavant Thorat.
10	Vaucheo Pereira Rebello
100	Mu nayak.
200-	R. G. Bhatkar
100	B. S. Shenoy
50	Shridhar Subray Prabhu.
50.	Pro Shridhar S. Prabhu
2.00.	Narayanbhagwan Bhat
50.	D. P. Kamath

48/74

150.	K. Shrinivas Shenai.
~~25~~ 50	M. Venkatrao P. Shenoi
100 -	ಎಚ್. ಶ್ರೀನಿವಾಸ ಶೆಣೈ ಅವರ ಅಮ್ಮ.
10.	R. M. Shetty.
20	ಎಂ.ವಿ.ಶೆಣೈ ಅವರು.
100	ಶ್ರೀನಿವಾಸ್ ಶೆಣೈ
200	M. V. Shenoy
50.	B. K. Gopala Shetty
30	ಶ್ರೀ ಎಂ ವಿ ಶೆಣೈ ಅವರಿಂದ
25.	K. Hariyappa & Shenoy
200	R. V. Kamath
50	ಶ್ರೀ ಎಂ ವಿ ಶೆಣೈ
50 ——	Laxman Bhandare
200 ——	Ananta Gittal Prabhu.
20 —	V. Nayak
50 ——	Narayan V. Nayak.
25 —	V. Fernandes
20	ಲಕ್ಷ್ಮಣ
10	ರಾಮಸ್ವಾಮಿ ಸೀತಾರಾಮ್
50	ಅಂತಪ್ಪ ಶೆಟ್ಟಿ
200	ಎಂ. ಗೋಪಾಲ ಶೆಟ್ಟಿ
10	ಎಂ. ಗೋಪಾಲಕೃಷ್ಣ
50	Joseph Castelino
60	U. M. Prabhu
100	Girijashankar P. Vyas
200	ಮಾಣಿಪ್ಪಾಡಿ ಮೋಹನದಾಸ ಶೆಣೈ
50	L. S. Bhat
10	ಎಂ. ಶೆಣೈ ಅವರಿಂದ
25.	Madhav P. Shanbhag M. P. Shanbhag
100	Padmanabha A. Naik.

100.	S. A Naik.
[illegible]	[illegible]
20	Chatterjee. Bhattacharya. Bhattacharya
200	[illegible]
25	[illegible]
25	[illegible]
5	K. Vaikunta Shenai
200	Damodar Shenai
10	Damodar Hari Mangle.
50.	[illegible]
25	Babu Rao Ranker

True copy.

Bombay,
22nd. September 1949.

To

The Directors,
The Purnima Straw Board & Paper Mills, Ltd.,
Moodabidri, South Kanara.

Dear Sirs,

We the undersigned Members of the Purnima Straw Board & Paper Mills, Ltd., holding in the aggregate more than 1/10th (one tenth) shares in the Issued Capital thereof, do hereby in pursuance of Section 78 of the Indian Companies' Act, 1913, require you to convene an Extraordinary General Meeting of the Company as provided for in the said provisions, preferably at Madhav Bhuvan, Near General Motors, Sewree, Bombay, for the purpose of considering and if thought fit, passing the following Special Resolutions with or without modifications, namely:-

1. Resolved that the Ordinary General Meeting in which the Directors' Second Report and the Audited Balance Sheet of the Company as on 31st. August, 1948, and the Income and Expenditure Account for the period ending the same date, be treated as ultra vires, invalid and improper and as such the same may be reviewed and reconsidered in this meeting and if deemed fit, the same be passed.

2. Resolved that the whole article 104 of the Articles of Association be deleted and the following be substituted therefor:

> "Until otherwise determined by the Company in General Meeting the number of Directors shall not be less than seven or more than twelve including the Director ex-officio, nominated by the Managing Agents, if there by any, out of which, the Sharesholders at an Ordinary General Meeting can appoint any shareholder not holding the minimum qualification shares of a Director, but holding atleast five shares as Special Directors who shall not be liable to retire by rotation save by a Special Resolution of Shareholders. Such Special Directors shall not exceed more than three in number and the Board of Directors may fix their remuneration and emoluments , if any.

3. Resolved that in line five of Article 122 of Articles of Association, the word 'three' be deleted and the word 'six' be constituted.

4. Resolved that the whole Board of Directors for the time being be reconstituted at this meeting excepting the Director

ex-officio, nominated by the Managing Agents.

Resolved further that three Special Directors be appointed at this meeting as per Article 104 of the Articles of Association.

5. Resolved that the Board of Directors be authorised and empdwered to avail of the Government loan of Rs. 80,000/- only (Rupees Eighty thousand only), sanctioned by the Government of Madras under the Industrial State Aid Act, 1923.

6. And to discuss such other matter with the permission of the Chair.

Yours faithfully,

No. of shares held.

1. .. ..
2. .. ..
3. .. ..
4. .. ..
5. .. ..
6. .. ..
7. .. ..
8. .. ..
9. .. ..
10. .. ..

contd.

True Copy

79 45

PROCEEDINGS OF THE EXTRAORDINARY GENERAL MEETING HELD on 20-11-1949 at 10 a.m. at Sewall Building, Delisle Road, Bombay.

Present: Dr.K. R. Kini, M.B. & M.S., and shareholders as per Attendance Register.

The Partner of the Managing Agents representative read the meeting of the notice. At this stage Dr. K. R. Kini, the Chairman withdrew from the meeting.

Sd. K.R. Kin

Chairman.

Proposed by Sri Madhav Vasudev Shenoi and seconded by Sri Vaman Vasudev Shenoi, Sri K.N. Gaitonde was proposed to the Chair and unanimously elected, he occupied the Chair.

R. No. 1:-

"Resolved that the whole Article 104 of the Articles of Association be deleted and the followint be substituted therefor:

Until otherwise determined by the Company in General Meeting the number of Directors shall not be less than seven or more than twelve including the Director ex officio nominated by the Managing Agents, if there be any, out of which the shareholders at an ordinary General meeting can appoint any shareholders not holding the minimum qualifications shares of a Director but holding atleast five shares as special Directors who shall not be liable to retire by rotation save by a Special Resolution of Shareholders. Such Special Directors may fix their remuneration and emoluments, if any.

The above resolution was proposed oy Sri Madhav Vasudev Shenoi and seconded by Sri Nagesh Achutha Shenoi, it was put to vote and unanimously passed.

R. No. 2:- Resolved that in line five of Article of Association the word "three" be deleted and the word "six" be substituted.

The above resolution was proposed by Sri Hariappa Madhav Shenoi and seconded by Sri Vaman Vasudev Shenoi, it was put to vote and unanimously passed.

R. No. 3: Resolved that the whole Board of Directors for the time being be reconstituted at this meeting excepting the Director ex-Officio, nominated by the Managing Agents.

The following members do constitute a new Board.

Proposed by Sri Vaman Vasudev Shenoi and seconded by Sri Nagesh Achutha Shenoi:-

1. Sri K. N. Gaitonde. 2. Sri N.N. Kamath.
3. Sri Madhav Vasudev Shenoi 4. Dr. K. R. Kini.
5. Sri Ananth Vittal Prabhu. 6. Sri Patna Shetty Pednury Shetty. 7. Sri Gopal Pai. 8. Damodhar Shenoi. 9. Sri Nagesh Achuth Shenoi.

The resolution was unanimously passed. The consideration of the appointment of special directors was postponed for the next general meeting.

R. No. 4:- The consideration of the said resolution was postponed to the next extraordinary general meeting to be called at Bombay within two months from this date when the following facts should be furnished to the shareholders by the Managing Agents:-

1. An estimate of the future investment required to bring up the production to its full capacity.
2. All relevant documents of plot sold by the party to the Company.
3. Necessary records pertaining to Government loan of Rs. 80,000/- (rupees eighty thousand only).
4. A complete trial balance of the Company.

With a vote of thanks the meeting terminated.

Sd. K. N. Gaitonde,
Chairman, 20-11-49.

True Copy

G. SOMASHEKAR RAO,
B.A., B.L.,
--Vakil.
--

Mangalore,
20th January 1950.

PER REGISTERED POST A.D.
PER EXPRESS DELIVERY.

To

The Managing Agents,

Messrs. The Purnima Straw Board & Paper Mills Ltd.,

Madabidri.

Dear Sirs,

I have been consulted by Messrs. N. N. Kamath and Nagesh Achutha Shenoi with regard to the above Company:-

It is needless to reiterate the circumstances which culminated in the filing of the suit O.S. 82/1949 on t he file of the Sub-Court by my clients and some other shareholders which had been necessitated by the utter disregard you as Managing Agents were showing towards the shareholders and the interests of the Company. Suffice it to say that my clients believed in your assurance that everything would be done and regularised and nothing would be done contrary to law and the constitution of the Company. On this assurance my clients were prepared to forget the past provided that the Company prospered and agreed to withdraw the suit but on the specific conditions recired in the joint memo filed by the parties.

You will remember that the Joint Memo contemplates the calling of an extraordinary General Meeting of the Company to consider among other things the legality or otherwise of the proceedings of the meeting held on 19-12-1948 and in the said memo you specifically undertook to convene such a meeting within 2 months of 17-11-1949. It is, however, to be regretted that you have failed to act up to your undertaking and nothing has so far been done though the 2 months' time fixed has expired.

I am further to say that though an extraordinary meeting of the Company convened as per Sec. 78 of the Indian Companies Act was held on 20-11-1949 at Bombay and you participated in the meeting where all the resolutions considered were passed unanimously enquireies made by my client at the office of the

Registrar of Joint Stock Companies disclose that as yet you have failed to certify the proceedings as required by law. Further though my clients were elected as Directors on 20-11-1949 so far they have had no notice of any requisition of a meeting of the Board of Directors in spite of Article 122 which requires that the Board shall meet atleast once in two months. I am also to state that the request of my client Sri Nagesh Achut Shenoi for an application form for shares to enable him to acquire the qualifiying shares has gone unheeded. No application form has been supplied to him. All this makes my client's suspect that after giving a solemn assurances to my clients and having managed to get the suit with drawn you have failed to implement your assurances or carry out the resolution of the General Body. My client most sincerely regret your attitude and I am to warn you that should you fail to rectify matters within a week of receiving this my clients will be constrained to take action as they may be advised to safe-guard the interests of the company and the shareholders and at the risk as to the costs of the Managing Agents which please note.

Yours faithfully,

(Sd) G. Somasekhara Rao.

True Copy

B. VAIKUNTA BALIGA, B.A., B.L.
Vakil,
Kodialbail,

Mangalore,
31st January 1950.

To

Sri G. Somashekar Rao, B.A., B.L.,

Vakil, Mangalore.

Sir,

Your registered notice to my clients, the Managing Agents, Messrs. The Poornima Straw Board and Paper Mills, Ltd., Moodabidri, has been placed in my hands with instructions to reply thereto which I do as follows:-

My clients regret to find that you have been given wrong and incorrect instructions. In all that happened prior to the filing of the suit O.S. No. 82/1949 on the file of the Sub-Court of South Kanara my clients are not in the wrong. On the other hand, your clients knowing full well the truth of all the contentions of my clients made profuse representations through their own intermediaries and made various assurances to Dr. K. R. Kini and the Managing Agents and made them believe that the requisition meeting pursuaded to be held in Bombay was going to achieve the full and complete confirmation of the Board as constituted at the general meeting held on 31-8-1948 and induced my clients Dr. Kini and others to sign the joint memo. Dr. Kini and my client went all the way from here to Bombay but only to find from what transpited there that it was only a betrayal and going back on the promises that were so profusely made in Mangalore. But anyhow the procedure that was followed at the meeting was ultra vires and irregular. Resolutions passed were illegal, inoperative and i nfructuous. The Board cannot be constituted in law in that fashion. The Directors have either to resign or have to be removed from their office. The course adopted at the meeting was unauthorised in law. Hence no notice of any meeting of the Board of Directors could be issued to your clients. It is untrue to say that my clients participated in the meeting held on 20-11-1949 at Bombay. On the other hand, Dr. K. R. Kini who presided over the

meeting closed the meeting and withdrew from the meeting. No valid meeting took place thereafter and any proceedings drawn thereafter are ultravires, inoperative and infructuous. On consultation at the office of the Assistant Registrar of Joint Stock Companies, Mangalore, it was elicited that the proceedings of the Bombay meeting were ultra vires. My clients emphatically deny that there was any request on behalf of your client Sri Nagesh Achutha Shenoy for any application forms for shares to enable him to acquire the qualification of shares. He made no such application or request. Such a suggestion is thrown out to save himself from the inevitable consequence of his disqualification even if his election a t the Bombay meeting were to be held proper. Further again I am to invite your attention to Article 118 which has not been complied with. There are other various infi rmities also attached to the proceedings of the meeting on which your clients rely.

In connection with the further meeting that was to be convened as contemplated by the joint memo my clients were ever willing and readybut the Company owns no premises in Bombay. A place for holding the meeting has to be pitched upon. Suggestions for holding the meeting at divergent places like Dadar, Andheri and Parel, were made. But there was no guarantee of any peaceful meeting to be held. Objections have been received from Shareholders not to hold general meetings at places other than the Registered Office of the Company. In view of all the circumstances the only place that could be pitched for legitimately and properly holding the meeting was the registered Office. A meeting is convened. Copy is enclosed for reference. Thus you will see that it is the dissensions and divergence of opinions among the shareholders that has led to this sorry situation. Under the circumstances there is no need or scope for any litigation. Should in spite of all these frivolous litigations were instituted by your clients, the same will be defended on your clients' responsibility for all costs and consequences.

Yours faithfully,

(Sd) B. Vaikunta Baliga.

Dev.Dept.

Acts and Rules - State Aid to Industries Act - M/s Purnima Straw Board and Paper Mills, Moodbidri - Grant of a loan of Rs.80,000/- Cancelled.

Read again: G.O.No.6142, Dev. dated 11-12-1948.
G.O.No.3560, Dev. dated 4-7-1949.

Read also:-From M/s M.V.Shenoy and others, petition dated 27-2-1950.
From the D.I. & C. No.S.A.3829/48 d/30-3-1950.

--

G.O.No. 857 dated 6-5-50.
Ms

In the circumstances reported by the D.I. & C., the Govt. do not consider it desirable that the loan amount should be disbursed to the company. The orders sanctioning the grant of the loan in G.O.No.6142, Dev. d/11-12-1948 are hereby cancelled.

2. The D.I. & C. is requested to inform the Board of Industries that the loan has been cancelled.

To the D.I. & C.
the A.G.thro' the Fin.Dept.
S.F.1
s/c 1.

8741

To

The Hon'ble Minister for Industries & Commerce
Fort St. George,
M a d r a s .

MINISTER FOR INDUSTRIES. 8-MAY 1950 GOVERNMENT OF MADRAS.

Humble petition from the entire staff and workers of The Purnima Straw Board & Paper Mills Ltd., Moodbidri, South Kanara, dated 3-5-1950.

SECRETARY TO GOVERNMENT 9- MAY 1950

40993

Respected Sir,

We earnestly beg of you to excuse us for this memorandum and pray for a sympathetic regarding of the same.

1. We are in the services of the Purnima Straw Board & Paper Mills Ltd., Moodbidri, South Kanara, as staff and workers.

2. We have contributed not only our sweat but also blood to build up this Industry to what it is to-day. We have laboured day and night.

3. In 1947 our Board of Directors requested the Government to aid this Industry under the Madras State Aid to Industries Act, by granting a loan of Rs. 1,25,000/- Rupees One Lakh and Twenty-five thousand only.

SECRETARY TO GOVERNMENT 9- MAY 1950

4. In July 1948 the Director of Industries & Commerce issued a notice to the Public inviting objections to the grant of the said loan to the Mills within 30 days of the publication of the notice.

5. None objected to the Government granting the loan to the Mills.

6. The Board of Industries came to Moodbidri in October 1948, personally saw the working of the Mills and got satisfied with enterprise and granted aid of Rs.80,000/- Rupees Eighty thousand only to our Mills.

7. In December 1948 Government passed orders sanctioning to the Mills the loan of Rs.80,000/ Rupees eighty thousand only.

8. We were jubiliant over this grant by the Government of a loan to the Mills and we felt that our existince in this factory would be secure.

9. Subsequently a handful of shareholders who are residents of Bombay began envying the progress of the Mills. The God's hand of the Government being stretched to this Industry by way of loan; The commendable production of Boards weighed in these gentlemen to capture this Mills. This Mills is 700 miles away from Bombay and a good number of shareholders are in Bombay. These few shareholders began circulating all sorts of antipropaganda in Bombay against the Board of Directors and the Management, so much so many of the shareholders in Bombay could not disbelieve the antipropaganda. These handful of shareholders who are wealthy merchants began sending telegrams after

89/3

telegrams and petitions against the Management to the Government to the registration department

10. The Director of Industries & Commerce conducted enquiries by sending copies of the petition to the District Officials. The Revenue Divisional Officer, Coondapoor, held an enquiry in Moodbidri; The District Industries Officer went through all the files of the Mills; The Assistant Registrar of Joint Stock Companies obtained all the details pertaining to the allegations pointed out in the petition. All these departmental enquiries have proved beyond doubt that the charges thrown on the Board of Directors and the Management of the Mills by those petitionist, as baseless.

11. In spite of that, to be on the safer side the Director of Industries directed the Mills by an order G.O.MS.3560 dated 4th July 1949 to hold a General Body of its shareholders and confirm the proceedings of its previous meeting.

12. The whole District rose to a man and all investors of the District helped the Board of Directors in the passing of the resolutions.

13. In February 1950 the resolutions have been passed by the General Body Meeting. More than 95% of the shareholders have attended the meeting either in person or by proxy. By more than one thousand votes the resolutions have been carried.

14. It is more than 3 months since the General Body Meeting had its resolution on the subject and the same has been communicated to the Government.

15. We are given to understand the same Bombay shareholders have again petitioned to the Government threatning a Civil Suit etc., in case the Government disburse the loan to the Mills, and so the Government has delayed payment.

16. We do not question the proceedure of the Government why it has delayed etc., but we are more concerned with regard to our own future.

17. We are families dependent on the Mills. This Mills has been nursing us all these years inspite of the financial and other obstacles and limitations.

18. As a team we have struggled very hard to build up this Industry and after two years of strugle to-day- we find that the progress of the Mills is curtailed because of the distructionist attitude of a handful of Bombay shareholders who come in the way of the Government disbursing the sanctioned loan.

19. We feel proud that this is a well managed public Limited Company and we have succeeded in putting in the India Market very high quality Boards, the appreciation of which we have received from Bombay, South Kanara and Madras consumers.

91 5

20. The Government has sanctioned to the Mills the loan on the charge of the Mills plot, buildings and machinaries; Mortgage Documents have been registered and all parpharnalia over.

21. The Factory is situated in the slopes of the Western Ghats where Nature in its bounty is growi thousands of tons of fibrous raw materials annually which is practically a waste now, and which this Mills - if given some financial aid and moral breathing time to settle downcould convert the entire waste into wealth ere long

22. We pray that because some petitions have come, the disbursement of the loan should not be- delayed. The Bombay shareholders have no other purpose but to create a situation by which the Company fail to settle down well and thus capture the same. In the turmoil - for want of finances the Mills is bound to go down. On no account this Industrial Enterprise should go down for want of finances.

B

23. The Government by disbursing the sanctioned loan of Rs. 80,000/- Rupees Eighty thousand only, to the Mills, will be,not only saving an ideal Industrial Enterprise from running but also save the fair name of the District. By this gesture of the Government, we- 33 families who are dependent on this Mills and scores of Rural families who by supplying waste raw material to the Mills, subsidise their living - will be saved from utter ruin.

24. We know - respected Sir, that a record number of small Industrial Units in this province have been granted State Aid which extends to a few crores - a proud record which any Government could be proud off.

25.

So, we earnestly beg of your honour to favour the Purnima Straw Board & Paper Mills Ltd., withjustice by disbursing to the Mills the sanctioned loan of Rs.80,000/- without any delay. We - the staff and the workers pledge, maximum production of Board and Paper with double vigour and faithful service to the Mills to build up the Mills as an Idealone, to be of prideof the province itself.

We beg to remain ,
Respected Sir,
Yours obediently,

Office of the Purnima Strawboard & Paper Mills Ltd., Moodbidri.
3rd May, 1950.

S.NO.	Name.	Designation.	Signature.
* 1.	S.Panduranga Kamath.	Accountant:	S P Kamath
2.	Krishna Gopal M.	Production Manager:	
3.	Mohan. M.	Typist Clerk.	
4.	Sadananda Pai.	Time-Keeper.	

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S.No.	Name.	Designation.	Signature.
5.	K.P.Anni Kulal. ...	Attender.	
6.	K.Radhakrishnan Kini.	Foreman.(F.Worker)	
7.	K.Narsimha Pai.	Factory Worker.	
8.	K.Babu Rao.	" "	
9.	G.Omaya Poojary.	" "	
10.	Chandrashekar.	" "	
11.	Sunder Shetty.	" "	
12.	Samuel Kunder.	" "	
13.	Sayyad Shaffi.	" "	
14.	Rayappa Kamath.	" "	
15.	Kumarayaballal.	" "	
16.	Mangura.	" "	
17.	Shanthiraja Hegde.	" "	
18.	Mohammad Hussain.	" "	
19.	Seetharama Shetty.	" "	
20.	Ratnakar Prabhu.	" "	
21.	Naganna Shetty.	" "	
22.	Gopalkrishna Shetty	" "	
23.	Dharmanna Poojary.	" "	
24.	Neelaya Achary.	" "	
25.	Somaya Poojary.	" "	
26.	Santhappa Hegde.	" "	
27.	Hoovamma Hengsu.	" "	
28.	Radhu Hengsu.	" "	
29.	Bommi Hengsu.	" "	
30.	S.Vittal.	" "	
31.	K.Usman.	" "	
32.	Linga Poojary.	" "	
33.	Shesappa.		

Copies submitted to:

1. The Secretary,
   Development Department, Fort St. George,
   M a d r a s .
2. The Director of Industries& Commerce,
   Mackey's House, Cathedral Road,
   M a d r a s . 6.
3. Dr. U.P.Mallya.
   Sri. Ramakrishna Nursing Home,
   M a n g a l o r e .
4. Sri. H.S.Hussian, M.L.A.
   Karkal.
5. Sri. L.C.Pais, M.L.A.,
   Mangalore.

Same as pp273

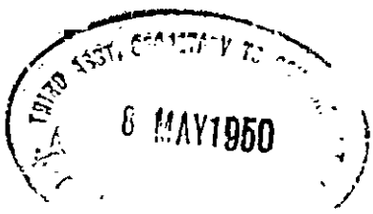
To

The Hon'ble Minister for Industries & Commerce
Fort St. George,
M a d r a s .

Humble petition from the entire staff and workers of The Purnima Straw Board & Paper Mills Ltd., Moodbidri, South Kanara, dated 3-5-1950.

Respected Sir,

We earnestly beg of you to excuse us for this memorandum and pray for a sympathetic regarding of the same.



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2. We have contributed not only our sweat but also blood to build up this Industry to what it is to-day. We have laboured day and night.

3. In 1947 our Board of Directors requested the Government to aid this Industry under the Madras State Aid to Industries Act, by granting a loan of Rs. 1,25,000/- Rupees One Lakh and Twenty-five thousand only.

4. In July 1948 the Director of Industries & Commerce issued a notice to the Public inviting objections to the grant of the said loan to the Mills within 30 days of the publication of the notice.

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8. We were jubiliant over this grant by the Government of a loan to the Mills and we felt that our existince in this factory would be secure.

9. Subsequently a handful of shareholders who are residents of Bombay began envying the progress of the Mills. The God's hand of the Government being stretched to this Industry by way of loan; The commendable production of Boards weighed in these gentlemen to capture this Mills. This Mills is 700 miles away from Bombay and a good number of shareholders are in Bombay. These few shareholders began circulating all sorts of antipropaganda in Bombay against the Board of Directors and the Management, so much so many of the shareholders in Bombay could not disbelieve the antipropaganda. These handful of shareholders who are wealthy merchants began sending telegrams after

97

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We beg to remain,
Respected Sir,
Yours obediently,

Office of the Purnima Strawboard & Paper Mills Ltd., Moodbidri.
3rd May, 1950.

S.No.	Name.	Designation.	Signature.
*1.	S.Panduranga Kamath.	Accountant:	SPKamath
2.	Krishna Gopal M.	Production Manager:	
3.	Mohan. M.	Typist Clerk.	
4.	Sadananda Pai.	Time-Keeper.	

S.No.	Name.	Designation.	Signature.
5.	K.P.Anni Kulal. ...	Attender.	K.P. Anni Kulal.
6.	K.Radhakrishnan Kini.	Foreman.(F.Worker)	
7.	K.Narsimha Pai.	Factory Worker.	
8.	K.Babu Rao.	" "	K. Babu Rao
9.	G.Omaya Poojary	" "	G. Omayya
10.	Chandrashekar.	" "	K. Chandrashekara.
11.	Sunder Shetty.	" "	
12.	Samuel Kunder.	" "	Samuel Kunder
13.	Sayyad Shaffi.	" "	MS Shetty
14.	Rayappa Kamath. B.	" "	
15.	KumarayaBallal.	" "	K. Kumaraya Ballal
16.	Mangura.	" "	Mangura
17.	Shanthiraja Hegde.	" "	M. Shantti Raja Hegde
18.	Mohammad Hussain.	" "	
19.	Seetharama Shetty.	" "	P.R Shetty
20.	Ratnakar Prabhu.	" "	P.R Prabhu
21.	Naganna Shetty.	" "	N. Naganna Shetty
22.	Gopalkrishna Shetty.	" "	Gopalkrishna
23.	Dharmanna Poojary.	" "	
24.	Neelaya Achary.	" "	
25.	Somaya Poojary.	" "	Somaya Poojary
26.	Santhappa Hegde.	" "	L. Thumb of Santhappa
27.	Hoovamma Hengsu.	" "	
28.	Radhu Hengsu.	" "	L. H. Thumb of Radhu
29.	Bommi Hengsu.	" "	L. H. Thumb of Bommi
30.	S.Vittal.	" "	
31.	K.Usman.	" "	K. Usman.
32.	Linga Poojary.	" "	L. H. Thumb of Linga
33.	Shesappa.		

Copies submitted to:

1. The Secretary,
   Development Department, Fort St. George,
   M a d r a s .
2. The Director of Industries& Commerce,
   Mackey's House, Cathedral Road,
   M a d r a s . 6.
3. Dr. U.P.Mallya.
   Sri. Ramakrishna Nursing Home,
   M a n g a l o r e .
4. Sri. H.S.Hussian, M.L.A.
   Karkal.
5. Sri. L.C.Pais, M.L.A.,
   Mangalore.

Dr. K.R. Mani,
Chair

(1)

The

Purnima

Straw Board and Paper Mills, Limited.

MINISTER FOR INDUSTRIES
GOVERNMENT OF MADRAS

REGISTERED OFFICE:
MOODBIDRI, S. I.

Your Ref:

Our Ref: 43174

13th May, 1950.

SECRETARY TO GOVERNMENT
16 MAY 1950

Hon'ble C.Perumalswami Reddiar,
Minister for Industries & Commerce
Government of Madras,
Fort. St. George, Madras.

Dear Sir,

Herein I have enclosed a copy of the memorandum submitted to the Hon'ble Sri.K.Madhav Menon during his recent visit to this place. The memorandum speaks for itself. It is surprising that in spite of all the formalities required as per G.O.No. Ms.3560, having been complied with, the sanctioned loan has not been disbursed yet. On behalf of the Mills, I request you to expedite the disbursement and help the industry the first of its kind in our State of Madras.

In case it is not received, the only alternative is for the Mills to close until such time as the financial position improves.

Thanking you and with kind regards,

Yours sincerely,

To

The Hon'ble Minister for Education and Law,
Government of Madras,
Camp: MOODBIDRI.

Humble petition of Dr. K.R.Kini, Chairman of The Purnima Straw Board & Paper Mills Ltd , Moodbidri, South Kanara, dated 13-5-1950.

Respected Sir,

On behalf of The Purnima Straw Board and Paper Mills Limited, Moodbidri, I as Chairman of its Board of Directors beg to submit the following facts for your kind consideration.

1. This Mill is the first of its kind in South India for the manufacture of Mill Board, Straw Boards etc.,

2. This is a District, the eastern portion ofwhich is surrounded by the Western Ghats in which nearly 20,000 tons of Cellulose Varieties of Bambboos, the raw material for the manufacture of paper grows annually. On the slopes of the Western Ghats Straw is grown and it is estimated at 25,000 tons annually, the greater stock of which is practically burnt every year. This straw is considered to be a rich fibrous raw material and researches have been carried on in America at the Department of Agriculture at Peoria on the use of this straw as a substitute for wood pulp in the manufacture of news print. Both these rich raw materials are practically a waste without any commercial use. This vast tonnage presents many problems in economic utilisation.

3. So, a small begining is being made by us by starting this Board Mill in the heart of the raw material in Moodbidri and since a year production of Boards is being carried on a commercial scale.

4. We know it for certain that ever since the Congress came into power and is running the adminstration of the Madras State, you have protected many an industry by granting loans under the Madras State Aid to Industries Act. Aid to thetune of 3 crores of rupees is being granted by the Government of Madras,a record which any state could be proud of.

5. With a view to equip our works with additional machineries to convert the semi-automatic Mill into a complete automatic unit, we appliedto the Government of Madras in July 1948 for a loan of Rs. 1,25,000/- onthe charge ofthe plot, buildings andthe machinary under the Madras State Aid to Industries Act.

6. In August 1948 the Director of Industries issued a notice to the public in the newspapers entertaining objections if any from the public to the Government granting the loan to this Industry. A month's time was given by the Director. None from the Public objected to the Government granting the aid.

7. The Board of Industries, in October 1948, came down to Moodbidri, personally saw the factory and being convinced of the potentialities ofthe same recommended to the Government a loan of Rs. 80,000/- to the Mills.

8. His Excellency, the Governor of Madras, by an order G.O.MS.No.6142 dated 11th December 1948 sanctioned Rs.80,000/- to the Mills.

9. We were all jubiliant over this protection to this proud industry ofthe District by our popular Government.

10. In the meantime, half a dozen shareholders envied the growth ofthis Industry andthought of capturing the same. Theybegan sending telegrams and petitions to the Government alleging irregularities in the management of the Mills and requested the Government not to extend protection to this enterprise.

11. The Department of Industries held enquiries through three District Officials Industrial, revenue and Registration Departments. The Revenue Divisional Officer Coondapoor personally came to the Mills went through the records and the working of the Mills and he found all the charges as baseless. The District Industries Officer, Tellichery in Co-operation of the Registration Department perused all the records and found all the allegations against the Mills as frivulous.

12. So, the Director of Industries directed us to Register the Mortgage Deed duly prepared by the Government Solicitor, Madras. The same was Registered and handed over to the department of Industries on 5th July 1949.

13. The factory has been insured against fire for Rs.1,58,000/- and the same has been assigned in favour of His Excellency the Governor of Madras. Two policies have been assigned one in 1948 andthe other in 1949 as directed by the Department of Industries.

14. To be on the safer side- although the mortgage deed has been registered and all the enquiries on the allegation mentioned in the petitions have proved as baseless, the Development Department by an order G.O. No. Ms. 3560 dated 4h July 1949 i sued an order to the Mills ich reads as follows:

"His excellency the Governor of Madras approves the proposal ofthe Director of Industries and Commerce, that the loan of Rs. 80,000/- sanctioned in G.O.No.6142 Development dated 11-12-1948 to Messrs. The Purnima Straw Board and Paper Mills Ltd., Moodbidri may be disbursed after the execution of the mortgage bond provided that before the disbursement, the Company holds a General Body Meeting of its shareholders and confirms the proceedings of its previous meeting andthat the father manager of the minor son Vaikunta Pai, gives a guarantee specifically indemnifying Government against any loss or damage that may be sustained by them or to which they may become liable as a result ofthe doubt regarding the Company's title to the land, which has been offered as security for the loan."

15. A meeting of the shareholders was held on 26-2-1950 and by a majority the meeting confirmed the proceedings of its previous meeting thus fulfilling one of the conditions embodied in the above order of His Excellency, the Governor of Madras.

16. An indemnity bond by the father manager of minor son Vaikunta Pai duly prepared by the Government Solicitor, Madras, specifically indemnifying the Government against any loss ordamage that maybe sustainedto which they may become liable as a result of the doubt regarding the company's title to the land which has been offered as security for the loan, was registered and handed over to the Department of Industries. Thus it will be found out that all the conditions have been fulfiled as per the order of the D.D, G.O MS.3560 dated 4th July 1949.

17. We fully appreciate the eagerness of the Director of Industries who was anxious to disburse the loan which fact is clearly found out in his communication No.SSA 3829/48 dated 28-2-1950, two days after our General Body Meeting under reference, which reads as follows:

"I invite a reference to your letter cited and request you to let me know whether a general body meeting of your Company was held in this month to confirm the proceedings of its previous meeting and if so when copy of the proceedings of the meeting can be expected in this office. The above letter is the last and the fourth letter sent in this connection by the Director of Industries. He has been very anxious all through to protect this Industry and disburse the loan."

18. After the General Body it is reliably understood once again the same handful of shareholders petitioned to the Government objecting to the disbursement of the loan and put all sorts of allegations and attributed many irregularities in the management.

19. It is more than two months since we have submitted the General Body resolution and the Indemnity Bond thus fulfilling the conditions of the order G.O.No.Ms.3560. We are yet to get the loan of Rs.80,000/- from the Government.

We are afraid the Government has delayed in view of the petition of half a dozen shareholders.

It is more than a year and a half since the loan was sanctioned.

It is more than ten months since the Mortgage Deed has been registered and submitted to the Government.

It is more than two months since all the conditions have been fulfilled, laid in the subsequent order of the Development Department issued, consequent of the telegrams and petitions of half a dozen shareholders.

It will not be out of place if I should bring to your kind notice that in the last general body of all the shareholders attended and actively participated in the meeting either in person or by proxy. By a majority of a thousand votes the resolution has been carried. Those petitionist did attend. No doubt it was not a unanimous decision which cannot be expected a fact which the Government very well know. A section of the shareholders wants to obstruct the Board of Directors in the smooth running of the Mills. This distructive element which hails from Bombay State have an ulterior motive to capture this Industry which has been built up at very great sacrifice by the management - The petitioners do not want that the Government should not grantthe loan. They say that the loan may be disbursed after the present management is renoved andthey take up charge which motive can be clearly seen in the petition addressed to the Government by Messrs. N.N.Kamath, V.V.Shenoi, N.A.Shenoi, M.V.Shenoy dated 6-1-1949.

Because there were objections from a few shareholders the Government directed us to call a general meeting which isthe supreme authority in all public limited companies. Our General Body by a majority vote on a democratic principal confirmed the proceedings ofthe previous meeting as required by the order of Development Department.

Under the Madras State Aid to Industries Act it is a resolution ofthe Board of Directors which is required

by the Government. Thrice the Board met and submitted the resolutions.

We earnestly pray that the Government ignore such petitions against the Mills. We feel proud to say that there is complete Solidarity between the Board of Directors and management-given the sanctioned loan, I assure the Government that we will build up this Industry on a strong foundation.

Yours faithfully,

Dr.K.R.Kini,
CHAIRMAN,

The Purnima

Straw Board and Paper Mills, Limited.

DEPUTY SECRETARY TO GOVERNMENT
19 MAY 1950
DEVELOPMENT DEPARTMENT

REGISTERED OFFICE:
MOODBIDRI, S. I.

Your Ref:

Our Ref:

Date 14. 5. 1950

Sary Sir. The concerned file may be circulated to Hon'ble Minister for Information & Agriculture & Law. cs 19/5

H. M. (Ind.)

17/5

To

Hon'ble Sri. A.B.Shetty,
Minister for Agriculture,
Government of Madras,
Fort St. George, Madras.

44335

My dear Mr. Shetty,

On behalf of the above Mills, I am approaching you for help at this crucial time in the history of the Mills. Herein I have enclosed a copy of a memorandum submitted to the Hon'ble Sri. K.Madhav Menon for being conveyed to the Hon'ble Minister for Industries. The memorandum speaks for itself. As a reply was expected at any time from the Director of Industries intimating the disbursement of the loan, I did not like to trouble you during your recent visit to the District. It is still not come. My information is that the simple majority on which the resolution required by the order G.O.No.Ms.3560 is not enough. I give this information for what it is worth. Hence, advantage has been taken of the visit of Hon'ble Sri. K.Madhav Menon to bring the facts to the notice of the Government. The relevant Government order and the resolution passed by the General Body are also enclosed for your kind information.

Please allow me to bring a few more facts to your notice. This mill is the first Board Mill in this Presidency. The credit for opening it goes to our District and that too to your constituency. So, we look up to you for all help in furthering the production. I need not mention the difficulty of collecting share capital as it is well known to you. If this

The

Purnima

Straw Board and Paper Mills, Limited.

113/3

Your Ref:

Our Ref:

REGISTERED OFFICE:
MOODBIDRI, S. I.

Date_____

loan is disbursed, I assure both you and the Government our immediate expansion programme will be executed and production brought up to an economic level, enough to leave the mills a good margin of profits whereby the previous losses can be made up and future returns can be expected.

So, I once again crave your usual unstinted help in furthering this industry in your constituency and thus help the District to have the distinction of getting the first place in the advancement of the industry.

With kind regards,

Yours sincerely,

CHAIRMAN.

P.S. If the Mill is closed, the future of Limited Companies in this District may be very gloomy.

To

The Hon'ble Minister for Education and Law,
Government of Madras,
Camp: MOODBIDRI.

Humble petition of Dr. K.R.Kini, Chairman of The Purnima Straw Board & Paper Mills Ltd , Moodbidri, South Kanara, dated 13-5-1950.

Respected Sir,

On behalf of The Purnima Straw Board and Paper Mills Limited, Moodbidri, I as Chairman of its Board of Directors beg to submit the following facts for your kind consideration.

1. This Mill is the first of its kind in South India for the manufacture of Mill Board, Straw Boards etc.,

2. This is a District, the eastern portion ofwhich is surrounded by the Western Ghats in which nearly 20,000 tons of Cellulose Varieties of Bambboos, the raw material for the manufacture of paper grows annually. On the slopes of the Western Ghats Straw is grown and it is estimated at 25,000 tons annually, the greater stock of which is practically burnt every year. This straw is considered to be a rich fibrous raw material and researches have been carried on in America at the Department of Agriculture at Peoria on the use of this straw as a substitute for wood pulp in the manufacture of news print. Both these rich raw materials are practically a waste without any commercial use. This vast tonnage presents many problems in economic utilisation.

3. So, a small begining is being made by us by starting this Board Mill in the heart of the raw material in Moodbidri and since a year production of Boards is being carried on a commercial scale.

4. We know it for certain that ever since the Congress came into power and is running the adminstration of the Madras State, you have protected many an industry by granting loans under the Madras State Aid to Industries Act. Aid to thetune of 3 crores of rupees is being granted by the Government of Madras,a record which any state could be proud of.

5. With a view to equip our works with additional machineries to convert the semi-automatic Mill into a complete automatic unit, we appliedto the Government of Madras in July 1948 for a loan of Rs.1,25,000/- onthe charge ofthe plot, buildings andthe machinary under the Madras State Aid to Industries Act.

6. In August 1948 the Director of Industries issued a notice to the public in the newspapers entertaining objections if any from the public to the Government granting the loan to this Industry. A month's time was given by the Director. None from the Public objected to the Government granting the aid.

7. The Board of Industries, in October 1948, came down to Moodbidri, personally saw the factory and being convinced of the potentialities ofthe same recommended to the Government a loan of Rs. 80,000/- to the Mills.

8. His Excellency, the Governor of Madras, by an order G.O.MS.No.6142 dated 11th December 1948 sanctioned Rs.80,000/- to the Mills.

9. We were all jubiliant over this protection to this proud 'ndustry ofthe District by our popular Government.

10. In the meantime, half a dozen shareholders envied the growth ofthis Industry andthought of capturing the same. Theybegan sending telegrams and petitions to the Government alleging irregularities in the management of the Mills and requested the Government not to extend protection to this enterprise.

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13. The factory has been insured against fire for Rs.1,58,000/- and the same has been assigned in favour of His Excellency the Governor of Madras. Two policies have been assigned one in 1948 andthe other in 1949 as directed by the Department of Industries.

14. To be on the safer side- although the mortgage deed has been registered and all the enquiries on the allegation mentioned in the petitions have proved as baseless, the Development ~~of~~ Department by an order G.O. No. M. 60 dated 4th July 1949 issued an order to the Mills which reads as follows:

"His excellency the Governor of Madras approves the proposal ofthe Director of Industries and Commerce, that the loan of Rs. 80,000/- sanctioned in G.O.No.6140 Development dated 11-12-1948 to Messrs. The Purnima Straw Board and Paper Mills Ltd., Moodbidri may be disbursed after the execution of the mortgage bond provided that before the disbursement, the Company holds a General Body Meeting of its shareholders and confirms the proceedings of its previous meeting andthat the father manager of the minor son Vaikunta Pai, gives a guarantee specifically indemnifying Government against any loss or damage that may be sustained by them or to which they may become liable as a result ofthe doubt regarding the Company's title to the land, which has been offered as security for the loan."

15. A meeting of the shareholders was held on 26-2-1950 and by a majority the meeting confirmed the proceedings of its previous meeting thus fulfilling one of the conditions embodied in the above order of His Excellency, the Governor of Madras.

16. An indemnity bond by the father manager of minor son Vaikunta Pai duly prepared by the Government Solicitor, Madras, specifically indemnifying the Government against any loss ordamage that maybe sustainedto which they may become liable as a result of the doubt regarding the company's title to the land which has been offered as security for the loan, is registered and handed over to the Department of Industries. Thus it will be found out that all the conditions have been fulfiled as per the order of the D.D, G.O MS.3560 dated 4th July 1949.

17. We fully appreciate the eagerness of the Director of Industries who was anxious to disburse the loan which fact is clearly found out in his communication No.SSA 3829/48 dated 28-2-1950, tow two days after our General Body Meeting under reference, which reads as follows:

"I invite a reference to your letter cited and request you to let me know whether a general body meeting of your Company was held in this month to confirm the proceedings of its previous meeting and if so when copy of the proceedings of the meeting can be expected in this office. The above letter is the last and the fourth letter sent in this connection by the Director of Industries. He has been very anxious all through to protect thie Industry and disburse the loan."

18. After the General Body it is reliably understood once again the same handful of shareholders petitioned to the Government objecting to the disbursement of the loan and put all sorts of allegations and attributed many irregularities in the management.

19. It is more than two months since we have submitted the General Body resolution and the Indemnity Bond thus fulfilling the conditions of the order G.O.No.Ms.3560. We are yet to get the loan of Rs.80,000/- from the Government.

We are afraid the Government has delayed in view of the petition of half a dozen shareholders.

It is more than a year and a half since the loan was sanctioned.

It is more than ten months since the Mortgage Deed has been registered and submitted to the Government.

It is more than two months since all the conditions have been fulfilled, laid in the subsequent order of the Development Department issued, consequent of the telegrams and petitions of half a dozen shareholders.

It will not be out of place if I should bring to your kind notice that in the last general body of all the shareholders attended and actively participated in the meeting either in person or by proxy. By a majority of a thousand votes the reso ution has been carried. Those petitionist did attend. No doubt it was not a unanimous decision which cannot be expected a fact which the Government very well know. A section of the shareholders wants to obstruct the Board of Directors in the smooth running of the Mills. This distructive element which hails from Bombay State have an ulterior motive to capture this Industry which has been built up at very great sacrifice by the management The petitioners do not want that the Government should not grantthe loan. They say that the loan may be disbursed after the present management is renoved andthey take up charge which motive can be clearly seen in the petition addressed to the Government by Messrs. N.N.Kamath, V.V.Shenoi, N.A.Shenoi, M.V.Shenoy dated 6-1-1949.

Because there were objections from a few shareholders the Government directed us to call a general meeting which isthe supreme authority in all public limited companies. Our General Body by a majority vote on a democratic principal confirmed the proceedings ofthe previous meeting as required by the order of Development Department.

Under the Madras State Aid to Industries Act it is a resolution ofthe Board of Directors which is required

by the Government. Thrice the Board met and submitted the resolutions.

We earnestly pray that the Government ignore such petitions against the Mills. We feel proud to say that there is complete Solidarity between the Board of Directors and management-given the sanctioned loan, I assure the Government that we will build up this Industry on a strong foundation.

Yours faithfully,

RAMees

Government of Madras
Abstract.

Acts and Rules - State Aid to Industries Act - M/s.The Purnima Straw Board and Paper Mills Ltd., Moodbidri, South Kanara - Loan of Rs. 80,000/- Disbursement - Sanctioned subject to certain conditions.

Development Department.

G.O.No.MS.3560. Dated 4th July 1949.
Read the following:-

G.O.No.6142 Development dated 11-12-1948.
Government Memorandum No.1904 DII/49-3 dated 25-1-1948.
From the M/S.N.N.Kamath, V.Shenai, A.Shenai, M.Shenai, telegrams dated 4.1.1949.
From.Sri.N.N.Kamath, Bombay. dated 6.1.1949.
From.Sri.M.V.Shenoy, Bombay dated 6.1.1949.
From the Director of Industries and Commerce, No.S.A. 3829/48 dated 8-4-1949.
From.M/S.Vittal Rao, N.N.Kamth, B.S.Shenoy, telegram dated 11-4-49.
From the Managing Agents, The Purnima Straw Board and Paper Mills Ltd., Moodbidri. dated 14-4-49.
From.Sri.N.N.Kamth Bombay dated 12.4.1949
From.Sri.B.S.Shenoy Bombay dated 12-4-1949.
From the Director of Industries and Commerce, S.A.3829/48 dated 16-6-49.

ORDER:-

His Excellency the Governor of Madras approves the proposal of the Director of Industries and Commerce that the loan of Rs. 80,000/- sanctioned in G.O.No.6142 Development dated 11-12-1948 to Messrs. The Purnima Straw Board and Paper Mills Ltd., Moodbidri mhy be disbursed after the execution of the mortgage bond provided that, before the disbursement, the company holds a General Boadymeeting of its shareholders and confirms the proceedings of its previous meeting and that the father manager of the monor son, Vaikunta Pai, gives a guarantee specifically indemnifying Government against any loss or damage that may be sustained by them or to which they may become liable as a result of the doubt regarding the company's title to the land which has been offered as security for the loan.

(BY ORDER OF HIS EXCELENCY THE GOVERNOR)

M.T.RAJU,
Secretary to Government.

To the Director of Industries and Commerce,
To the Accountant General through Finance Department, (with encls.)
To the Managing Agents, M/S. The Purnima Straw Board and Paper Mills Ltd., Moodbidri, South Kanara.

Forwarded/By Order.

(Sd) Superintendent.

PKG.

(True copy)

Proceedings of the 3rd Annual General Meeting of 26.2.1950 at 10 A.M at the Registered Office of the Company.

Present:- 1. Dr. K. B. Kini and
2. G. Vasudev Pai
3. S. C. Indra
4. M. P. Murrayar
5. P. Padmaraja
6. M. Vitta I Shenoy.
7. M. Krishnappa
8. Krishna Gopal
9. K. Ganesh Pai
10. M. R. Mallya
11. B. Rama Rao
12. M. S. Kuppa
13. K. Krishna Kamath
14. M. Muthappa
15. M. Narsinh Naik
16. P. R. Prabhu
17. K. Jinaraj Kottari
18. M. Devaraj Shetty
19. M. Kalinga Pai
20. M. MD. Ramanna Shetty.
21. Vittal Bhat
22. M. Mohan
23. P.V.Madmannaya
24. M. S. Shetty
25. A. Narsinhaya
26. Narsinh Pai
27. Gopal Laxman Prabhu
28. M. S. Shaffi
29. G.Shridhara Pai
30. N. A. Shenoi
31. V. V. Shenai Khar
32. N. N. Kamath
33. P. R. Prabhu
34. M. S. Padival
35. P. D. Kamath
36. B. R. Kamath
37. Sheik Imam Saheb
38. Rayappa Laxman Prabhu
39. Seetharam Bhat
40. Cherdappa Narayan Shenai
41. Rayappa Kamath B.
42. Narayan Hegde
43. Gopal Poi G.
44. M. V. Shenoy
45. K. R. Kini.

The Managing Agents Partner Sri. G. Gopal Poi read the notice of the meeting. The Chairman in a short speech gave an idea of the Industry and the present position of the Mill and appealed for the co-operation of the share-holders.

The Chair man then formally moved the following resolution.

(1) " Resolved that the Directors' Report and the Balance Sheet & Profit and Loss Account for the year ending 31.8.1949 be adopted"

Sri. N. P. Murrayar seconded the resolution.
Sri. B. Ramakrishna Kamath opposed and Sri. P. Damodar Kamath seconded the opposition.
- passes by a majority on a show of hands.
A poll was demanded by the following.
1. Sri. B. Ramakrishna Kamath
2. " Sri. Vaman Vasudev Shenoi.
3. " N. N. Kamath
4. " Nagesh Achutha Shenai
5. " Madhav V. Shenai-
The poll will be taken at the end of the meeting.

(2) To elect three Directors in the place of Directors, Sri. K. N. Caitonde, (2) Sri. G. Vasudev Pai and (3) Sri. Gopal Poi. The proposal to elect the following share holders have also received in due time (1) Sri. P. Damodhar Kamath and (2) H. Rayappa Laxman Prabhu.

" Resolved that the following shareholders be elected Directors (a) Sri. H. Rayappa Laxman Prabhu, (b) Sri. G. Vasudev (c) Sri. G. Gopal Poi"

Proposed by Sri. A. C. Narsinhaya and seconded by Sri. passed by a majority on a show of hands

An alternative resolution was proposed by sri. B. Ramakrishna Kamath and seconded by Sri. Madhav Shenai as follows:-

Resolved that M/S. (1) Rayappa Laxman Prabhu (2) P. Damodhar Kamath and (3) K. N. Gaitonde be elected as Directors in place of the retiring Directors" - fell through by a majority on a show of hands.

A poll was demanded by the following shareholders , (1) Sri. B. Ramakrishna Kamath (2) Sri. Nagesh Achutha Shenai (3) Sri. Madhav Vasudev Shenai (4) Sri. N. N. Kamath (5) Sri. V. V. Shenai. The poll will be taken at the end of the meeting.

(3) To appoint an Auditor for the year 1949-50 and fix his remuneration. Last year's Auditor, Sri. A. Umanath Rao B.A., G.D.A., D.Econ., F.C.A., Chartered Accountant is eligible for re-election and is willing to accept the office.

Resolved that Sri. A. Umanath Rao B.A., G.D.A., D.Econ., F.J.A., Chartered Accountant be elected Auditor for the year 1949-50 and on remuneration of Rs. 100/ for the year. "

Proposed by A.C. Narsinhaya and seconded by Sri. M. P. Murreyar. - passed unanimously.

(4) In view of the fact that the Govt. of Madras has in G.O No.3560 d.4-7-49 Developement Department intimated to the Company to hold a General Meeting of its Shareholders and confirm the proceedings of its previous meeting held on 19.12.1948 before disbursement of sum of Rs. 80,000/- (Rupees eighty thousand only) sanctioned to the Company in G. O. No.6142 Developement d. 11.12.1948 under the State Aid to Industries Act, the following resolution is placed for being passed.

" Resolved that all the proceedings of the Annual General Meeting held on 19.12.1948 be and are hereby confirmed and ratified.

Proposed by Sri. A. C. Narsinhaya and seconded by Sri. G. Vasudev Pai,- passed by majority on a show of hands. A poll was demanded by M/S. 1.(1) B. Ramakrishna Kamath (2)P.Damodhar Kamath (3) M. Shridhara Padival (4) Vaman Vasudev Shenai (5) Madhav Vasudev Shenai. The poll will be taken at the end of the meeting.

The items in the agenda having been considered and votes by show of hands having been taken as recorded above, polling of votes for the polls demanded was taken up.

The following member left the meeting before votes were taken by show of hands.

(1) Sri. M. D. Ramanna Shetty.

The following members are not entitled to vote as they are in arrears of share capital.

(1) Sri. M. Devaraj Shetty.
(2) Sri. Shivanna Sherigar.

The Proxy papers were then distributed for each resolution seperately and the members were requested to come to the Chairman's table for recording their votes one by one.

Resolution No. 1:- The votes cast were counted by the chairman and the result was as follows:-

In favour of the Resolution	7,032
Against the Resolution	6,024
Majority in favour of the Resolution	1,008

The motion was adopted by a majority and the Directors' Report ,audited Balance Sheet and Profit and Loss Statement were declared adopted.

Resolution No. 3 :-

As both the resolutions contained a common name of Sri. H. Rayappa Laxman Prabhu, his name was not put for the poll. He was declared duly elected as a Director. The four other names were then put for the poll and the result of the counting of the votes by the Chairman was as follows:-

(1) Sri. G. Vasudev Pai 7,029
(2) Sri. G. Gopal Poi 7,032
(3) Sri. K.N.Gaitonde 6,224
(4) Sri. P.Damodhar Kamath 6,227

The following persons who got the first two highest number of votes were declared elected as Directors for the remaining places.

1) Sri. G. Gopal Poi 7,032
2) Sri. G. Vasudev Pai.. 7,029

So for the three places vacant on the Board of Directors the following were declared duly elected.

(1) Sri. H. Rayappa Laxman Prabhu
(2) Sri. G. Gopal Poi
(3) Sri. G. Vasudev Pai

Resolution No. 4:- The votes casted were counted by the Chairman and the result was as follows.

In favour of the motion	7,032
Against the motion	6,224
Majority in favour	808

The motion confirming the resolutions passed at the 2nd Annual General Meeting held on 19.12.'48 was declared adopted.

With a vote of thanks proposed by Sri. N. P. Murrayar the Chairman the Meeting terminated.

Sd. K. R. Kini.
Chairman.

C. No. 2031 S Dev / 50.

Industries - State Aid to Industries - M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Loan of Rs.80,000/-Sanctioned - Disbursement of the loan.

From M/s M.V.Shenoy and other petition dated 27-2-1950.
From the D.I. & C. No. S.A.3829/48 dated 30-3-1950.
From M/s The Purnima Straw Board and Paper Mills Ltd., No.269/50 dated 7-4-1950.

To A.S.

In G.O.No.6142, Dev. dated 11-12-1948, a loan of Rs.80,000/- was granted to M/s The Purnima Straw Board & Paper Mills Ltd., Moodbidri under the Madras State Aid to Industries Act for the purchase of additional machinery and equipment for the factory. In January 1949, some telegrams and petitions were received from certain Directors and share-holders of the Company objecting to the disbursement of the loan. The main objections were

(1) that the Managing Agents of the Company, M/s Gopal Pai Bros., are holding meetings of the Board of Directors of the company at Moodbidri without giving adequate time for the Directors of the company who reside at Bombay;

(2) that the notice for the 2nd Annual General Meeting of the company held on 19-12-1948 was issued without giving 14 days time as the notices for this meeting were actually posted to the Bombay shareholders only on 10-12-1948 and consequently the election of three new directors in the place of three retiring directors was illegal;

(3) that Sri C.Gopal Pai, the Managing Partner of the Managing Agents, has appointed his two brothers as Directors and these two brothers are the only Directors who attend regularly the meetings of the Board of Directors and conduct the affairs of the company, and

(4) that contrary to the promises held out in the prospectus of the company, the Managing Agents started the factory very late in May 1948, that there is no output of the factory and that the company is running at a loss.

In consultation with the D.I. & C., Finance and Legal Departments, in G.O.No.3560, Dev. dated 4-7-1949 it was ordered that the company should hold, before the disbursement of the loan, a General Body meeting of its shareholders and confirm the proceedings of its previous meeting.

2. In obedience to the orders issued in G.O.No.3560, Dev. dated 4-7-1949, the company held a General Body meeting on 26-2-1950. The resolution that the proceedings of the previous meeting of the general

Body meeting held on 19-12-1948 be confirmed and ratified, when put to vote was passed by a majority of 808 votes, the votes cast in favour of the resolution being 7032 and those against being 6224. The same Directors and shareholders of the company, who first objected to the disbursement of the loan, have now represented that the proceedings of the General Body meeting held on 26-2-1950 are illegal, void and ultra vires and have stated that they are going to impeach the proceedings in a Court of Law. They have, therefore, stated that the Govt. may take notice of their intention to proceed legally, before the loan sanctioned to them is finally disbursed.

3. The remarks of the D.I. & C. on the representation are on pp ~~63-64~~ 61-62 c.f. For the reasons stated in paras 1 and 2 of his letter on pp ~~63-64~~ 61-62 c.f. the D.I. & C. is of the opinion that there is little prospect of the successful working of the company and has therefore suggested that the loan sanctioned to the company may be withdrawn. The D.I. & C. has also stated that, if, however, the Govt. consider it embarassing to withdraw the loan at this stage, the disbursement of the loan may be made condition on the execution of personal security bonds by both the Managing Agents and the Directors of the company guaranteeing the repayment of the loan.

4. Attention is invited to the petition from some of the shareholders of the Purnima Straw Board and Paper Mills Ltd., Moodbidri who reside in the district of South Kanara on pp 111-115 c.f. of (J). It will be seen that the shareholders and Directors of the company who reside at Bombay and the shareholders and Directors who reside at South Kanara are not in good terms. The D.I. & C. has pointed out that from the present state of affairs of the company, one cannot be sanguine whether the managing agents will be able to run the company successfully and has instanced the expenditure incurred by them on account of the T.A. and expenses of the Directors in connection with their application for State aid as an indication of the extravagence of the mismanagement of the Managing Agents. The company is now running at a loss.

In the circumstances, it is for orders

(1) whether the loan of Rs.80,000/- sanctioned to the company may be withdrawn, as suggested by the D.I. & C., or

(2) whether the loan may be ordered to be disbursed on the execution of personal security bonds both by the Managing Agents and Directors of the company guaranteeing the repayment of the loan.

5. After orders are passed, the file may be sent to Legal and Finance for remarks before circulation.

Sd/ 14.4.50 Sd/ 14/4/50.

Sd/ 14.4.50 S -

There is no prospect of this company working smoothly & it will be useless to give a loan from Public Funds - Re sanction of the loan may be withdrawn

A

Sd/ 15.4.50

Sd/ UO-2031-AU/50-3

If 15-4-50 - Legal Fin

Legal Department

This Department agrees with Secy. Devt. that in the present state of the Company's affairs as disclosed in the Director of Industries & Commerce's report it is unsafe to grant any loan of Govt. money. If the loan sanctioned by Govt. has not actually been disbursed, there is no legal objection to cancelling the order of sanction--see the note of this Department at (E). The procedure indicated in that note may be followed.

HM/ 21.4.50 Fin

Dept. notes on pp. 1-3 above explain the proposal in this file. In the circumstances explained in the letter of the DI&C on pages 61-62 cf, this dept. also may agree that the order sanctioning

Fin (Exp-A)

ASSISTANT SECRETARY 5889 18 APR 1950 LEGAL DEPARTMENT

ASSISTANT SECRETARY TO GOVT. 24 APR 1950 FINANCE DEPARTMENT

2913 8.EA

Legal U.O. No 5-889/50-1 21-6-50

Fin (R) No 554(H) - 24-11-42

the loan of Rs 80,000 to the Company may be cancelled.

Fm no. 2913 B Ext A1
27.4.50

Dev. Dept.

TO THE ASST. SECRETARY TO GOVERNMENT
DEVELOPMENT DEPARTMENT
28 APR 1950

To A.S.

Notes from page 1 above may be perused. A draft Order cancelling the grant of a loan of Rs.30,000/- to M/s Purnima Straw Board and Paper Mills, Moodbidri is submitted below for approval.

SECRETARY TO GOVERNMENT
6 MAY 1950
DEVELOPMENT DEPARTMENT

(Issued as Go No. 1857, Dev. Dept. dt 6-5-50)

Legal Department.

6884/1942.

The power to make a statutory order carries with it the power to rescind, revoke or amend it, in the absence of a contrary intention appearing in the Act(s15 of the Madras Clauses Act, 1891). The power to rescind, revoke or amend is however exercisable "in like manner and subject to the like consent and conditions, if any," as the power to make the order (Section 15). As there is no indication of a contrary intention in the Madras State Aid to Industries Act, there is no legal objection to the cancellation of the order granting the loan before it has been actually disbursed. But as every application for a loan has to be placed before the Board(Section 8(3), it will be necessary to place before the Board the subject of cancelling the order granting the loan.

If the applicant has incurred any expenses in pursuance of the order granting him the loan in connexion with the mortgage of ~~this~~ these properties etc, he will be entitled to claim that these expenses should be refunded, when the order granting the loan is cancelled.

K V R 19-10-1942 P A N 20/10/1942.

Devt.

Industries - State Aid to Industries - M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Loan of Rs.80,000/- Sanctioned - Disbursement of the loan.

From the staff and workers of the Purnima Straw Board and Paper Mills Ltd., Moodbidri dated 3-5-1950.

Extract of minutes of H.M. (Ind) at 'A' on p.1 c.f.

"Secy. Dev.

Pl. examine

C.P.8/5"

To A.S.

In G.O.No.6142, Dev. dated 11-12-1948, a loan of Rs.80,000/- was granted to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri under the Madras State Aid to Industries Act for the purchase of additional machinery and equipment for the factory. Some representations were received by the Govt. from certain Directors and share-holders of the company objecting to the disbursement of the loan amount sanctioned. In G.O.No.3560, Dev. dated 4-7-1949 it was ordered that the loan amount might be disbursed, subject to certain conditions to be approved by the General Body of the company. They accordingly convened a meeting of the General Body and ratified its previous proceedings as required in the G.O. at (J). Again the same Directors and share-holders of the company represented against the disbursement of the loan amount. The whole question was again examined by this Govt. in consultation with the D.I. & C., Legal and Finance Departments. It was held that there was no prospect of the company working smoothly and that it would be unsafe to give a loan from Public Funds for this company. Accordingly orders were issued cancelling the grant of the loan to the company.

2. Now the staff and workers of M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri have submitted a representation to the Govt. requesting that the loan of Rs.80,000/- granted to the company may be disbursed. They state that the shareholders of the company who are resident of Bombay began envying the progress of the Mills and that they want to create a situation by which the company fail

P.T.O.

40.45[illegible].

to settle down well and thus capture the same. They have also stated that if the loan amount is not disbursed to the company, it is bound to go down for want of finance..

3. Submitted that the question of disbursement of the loan of Rs.80,000/- granted to the company was examined in consultation with the D.I. & C., Legal and Finance Departments and it was considered that it ~~is~~ was not desirable to disburse the loan. Accordingly the grant of the loan was cancelled. No action seems therefore necessary on the present petition. For orders whether the papers may be lodged and added to the G.O. at (E)

12.5.50

12/5/50

15330

15.5.50

16/5

SECRETARY TO GOVERNMENT
16 MAY 1950
DEVELOPMENT DEPARTMENT

Industries - State Aid to Industries - M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Loan of Rs.80,000/- Sanctioned - Disbursement of the loan.

From the Chairman, The Purnima Straw Board and Paper Mills Ltd., Moodbidri dated 13-5-1950.

Extract of Secretary's orders on p.1 c.f.

To A.S. "Put up papers
P.S.V. 16-5-1950."

In G.O.No.6142, Dev. dated 11-12-1948, a loan of Rs.80,000/- was granted to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri under the Madras State Aid to Industries Act for the purchase of additional machinery and equipment for the factory. Some representations were received by the Govt. from certain Directors and share-holders of the company residing at Bombay objecting to the disbursement of the loan amount. In G.O.No.3560, Dev. dated 4-7-1949, it was ordered that the loan amount might be disbursed subject to certain conditions to be approved by the General Body of the company. The company accordingly convened a meeting of the General Body and the General Body ratified its previous proceedings as required in the G.O. at (D). Again the same Directors and share-holders of the company represented against the disbursement of the loan amount. The whole question was again examined by this Govt. in consultation with the D.I. & C., Legal and Finance Departments. It was held that there was no prospect of the company working smoothly and that it would be unsafe to give a loan from Public Funds for this company. Accordingly orders were issued cancelling the grant of the loan to the company.

2. The Chairman of the company has now represented that if the loan of Rs.80,000/- sanctioned is not disbursed to the company, the only alternative is for the Mills to close until such time as the financial position improves. He has also stated that a section of the shareholders wants to obstruct the Board of Directors in the smooth running of the Mills, and that this distructive element which hails from Bombay State ~~have~~ has an ulterior motive to capture this Industry which has been built up at very great sacrifice by the management.

10

3. Submitted that the question of disbursement of the loan of Rs.80,000/- granted to the company was examined in consultation with the D.I.& C., Legal and Finance Departments and it was considered that it was not desirable to disburse the loan. Accordingly the grant of the loan was cancelled. For orders whether any action is called for on the present petition.

PF :-
× pp 61 62 ⅋ (R)
⅋ 85 cf (P)

16.5.50 17/5/50.

17/5/50 17.5.50

TO A.S.

No further action is called for in this file. The papers may be lodged and added to the G.O. at (R).

17.5.50. 17/5/50

18/5/50

Acts and Rules - State Aid to Industries Act - Loan of Rs.80,000/- to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Sanctioned - Disbursement of the loan.

From Dr.K.R.Kini, Chairman, The Purnima Straw Board and Paper Mills Ltd., Moodbidri d/14-5-1950.

Extract of minutes of H.M. (Ind) on p.1 c.f.

"Secy. Dev.

The concerned file may be circulated for information to H.Ms Agriculture and Law.

C.P. 19/5".

To A.S.

In G.O.No.6142, Dev. dated 11-12-1948, a loan of Rs.80,000/- was granted to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri under the Madras State Aid to Industries Act for the purchase of additional machinery and equipment for their factory. Some representations were received by the Govt. from certain Directors and shareholders of the company residing at Bombay objecting to the disbursement of th loan amount. In G.O.No.3560, Dev. d/4-7-1949, it was ordered that the loan amount might be disbursed subjec to certain conditions to be approved by the General Body of the company. The company accordingly convenec a meeting of the General Body and the General Body ratified its previous proceedings as required in the G.O. at (D). Again the same Directors and share-~~xxx~~ holders of the company represented against the disbursement of the loan amount. The whole question was again examined by the Govt. in consultation with the D.I. & C., Legal and Finance Departments. It was held that there was no prospect of the company workir ~~xxx~~ smoothly and that it would be unsafe to give a loan from Public Funds for this companny. Accordingl orders were issued cancelling the grant of the loan to the company.

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P.T.C

alternative is for the Mills to close until such time as the financial position improves. He has also stated that a section of the shareholders wants to obstruct the Board of Directors in the smooth running of the Mills and that this disruptive element which hails from Bombay State has an ulterior motive to capture this industry which has been built up at very great satrifice by the management.

30/235

A 5

3. The file may be circulated to H.M. (Agri) and H.M. ~~(LAW)~~ (E&L) with reference to the minutes of H.M. (Ind) on p.1 c.f.

ASR 22.5.50. hi 23/5/50

Sd/- 23530 S. . Sd/- 20.5.50

SECRETARY TO GOVERNMENT 30 MAY 1950 DEVELOPMENT DEPARTMENT

~~AMS~~ 25/5 H/M (Agri)

Sd/- 25/5 H/M (E&L).

To A.S.

No further action is called for. The papers may be lodged and added to the G.O. at (R)

ASR 30.5.50. hi 31/5/50. Sd/- 31530